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No. 31,229

U.S. Said to Weigh A 40% Rise in Aid To Central America

By Philip Taubman

WASHINGTON - The Resear administration is considering a 40percent increase in military aid next year to its allies in Central America, according to senior ad-ministration officials and a report prepared for the White House.

The proposal for the increase was made in a classified report outlining U.S. options in the region. White House officials said no decisions had been made about increasing U.S. involvement and called the report a working paper. They said it formed the basis for high-level discussions but did not necessarily

Latin Leaders **Hold Summit** On War Fear

4 Presidents Believe Time Is Running Out'

CANCUN, Mexico - The four presidents of the Contadora group's member nations met for the first time on Sunday hoping to find a peaceful solution to escalating political violence in Central America before a regional war

erupts.
The immediate goal of the summit in this Caribbean resort is "to avoid an armed conflict in the Central American zone," the Mexican foreign minister. Bernardo Sepúlveda, said Saturday.

Presidents Miguel Hurtado de la Madrid of Mexico, Luis Herrera Campins of Venezuela, Belisario Betancur of Colombia and Ricardo de la Espriella of Panama met as the threat of war between leftist Nicaragua and U.S.-supported Honduras intensified.

A diplomatic source, who spoke on condition that he not be named. said the presidents decided to hold a summit because "time is running

We have to shift the momentum from a military solution to diplomacy," he said.

Nicaraguan insurgents, who receive support from the United States, use Honduran territory as a base for their fight, and there have been reports of a massing of troops by both sides along the shared bor-

The Contadora group is named after the Panamanian island where the nations' foreign ministers met in January to form the association. They have gathered five times since, sometimes with the foreign ministers of Central American countries.

The diplomatic source said the four presidents are considering sending their foreign ministers to the United Nations next week to underscore their fears.

The Contadora group has urged an end to the arms buildup in Central America and the withdrawal of all foreign military advisers, including American military trainers aiding El Salvador's rightist government, and Cuban advisers in

The Reagan administration publicly has expressed hopes that the Contadora group will be successful in its bid to bring a negotiated peace to the troubled region. Privately, bowever, both American and Mexican officials have expressed doubts about the group's

The group also is urging the ined powers to provide financial aid and to invest in Central America's poverty-stricken countries as a way to help them achieve economic development and political stability.

Mr. Betancur and Mr. de la Espriella arrived Saturday and held separate talks with Mr. de la Madrid, who convened the summit. Mr. Herrera Campins arrived Sunday and met privately with Mr. de

■ Draft Urged in Nicaragua

The head of the Nicaraguan Army called for the drafting of hundreds of thousands of people to meet the threat of invasion, it was reported Saturday in Managua, according to United Press Interna-

Defense Minister Humberto Ortega, addressing an army promo-tion ceremony Friday, called for a military draft system that would result in "the massive incorporation of hundreds of thousands of

patriots." He said the army had sent a request for a draft law to the Council of State, but he gave no details on whether military service would be obligatory, whether it would include women or what age groups

would be effected. The Marxist government claims that attacks by about 8,000 U.S. backed insurgents and the threat of war with U.S.-allied Honduras, and possibly with the United States, justifies Nicaragua's growing militarization.

contain the final options now un der consideration

Other administration officials said the paper accurately reflected current thinking among senior offi-

gress, which has resisted increases in U.S. involvement, is approaching final decisions on several Central American issues, including a supplemental military assistance request for El Salvador for the current fiscal year and a proposal to cut off covert aid to rebels in Nicaragua. Administration officials said fi-

nal decisions about how to strengthen U.S. policy will depend in part on the outcome of these votes. The working paper says some of the restrictions under consideration in Congress would be "crippling" to administration po-

The classified report, which was prepared by an interagency task force for a National Security Council meeting on July 8, said, "The situation in Central America is officials and others, began closing nearing a critical point.

By Henry Tanner

BONN - The West Germans,

up shop this weekend and heading

for the mountains or the sea for a

quiet summer before the "bot au-

tumn" they all expect. As they

leave, many of them are in a mood

U.S.-Soviet negotiations in Geneva

will not make sufficient progress and that the first new U.S. missiles

will be deployed before the end of

The stage is set for anti-missile,

anti-war marches, sit-ins and other

demonstrations. Almost inevitably,

there will be some violence, even

though leaders of the peace move-

ment say they want the protests to

be nonviolent. The question is

whether the movement's leaders

and the police can contain the vio-

A recent test in Krefeld, near

It is now generally assumed that

of foreboding.

"It is still possible," the report said, "to accomplish U.S. objec-tives without the direct use of U.S. troops (although the credible threat of such use is needed to deter overt Soviet-Cuban intervention) provided that the U.S. takes timely and effective action."

Administration officials said a key recommendation of the task force - that the White House try to build a bipartisan base of support for its policies by appointing a special commission on Central America — had already been approved by President Ronald Reagan and would be announced this reek, probably Monday.

The contemplated aid increases, which include a doubling of security assistance to Costa Rica, an 80percent increase in aid to Guatenala, and increases of more than 30 percent in aid to El Salvador and Honduras, are part of a plan under review by Mr. Reagan that is intended to shore up a U.S. policy that officials increasingly believe is

Other steps under consideration te produce an invigorated stratefor Central America, according to the report and senior officials, include the prepositioning of U.S. military equipment in Honduras for use in a crisis and the improvement of Honduran air and naval installations.

In addition, the report, which deals primarily with security issues. recommends proceeding with a Central Intelligence Agency plan to have Salvadoran troops operate in Honduran territory to attack Salvadoran guerrilla sanctuaries, and calls for the immediate develop-ment of a plan of action for upgrading the effectiveness of the Salvadoran military.

It also advocates the continuation of covert activities against the Nicaraguan government and the pursuit of a diplomatic strategy intended to isolate Nicaragua.

The task force paper, which paints a fairly bleak picture of Reagan administration accomplishments in Central America and is highly critical of the Salvadoran armed forces, was indirectly obtained by The New York Times from an administration official who is said to fear that the current policy is leading toward a major increase in U.S. military involvement in Central America.

The paper, stamped "secret," also brought into the open serious, long-standing policy differences between the State and Defense departments.

States risks a major foreign policy defeat if it pursues current policies in Central America without full

support from Congress. it would be better to pull out of Central America altogether rather than face a possible failure by trying to protect U.S. interests with

halfway measures. The policy review is taking place six months after the administration conducted a comprehensive examination of its Central America strat-

INSIDE

■ Lebanon and the United States plan new talks on troop withdrawals.

■ The U.S. trims its plan for arms sale to Taiwan. Page 3.

■ 'Demon gossip' descends on Washington. Page 3.

BUSINESS/FINANCE ■ Chrysler's talks with Volkswagenwerk may result in joint production of a small car in the United States. Page 13.

SPECIAL REPORT ■ Italy's recovery is expected to be slowed by summerlong lition.



FOR DISARMAMENT - In a protest in London's Hyde Park against nuclear arms, demonstrators passed inflatable globes labeled 'Fragile — Handle With Care' along a human chain that stretched between the Soviet and U.S. embassies. Page 2.

ing a visit by Vice President George

Leaders of the Social Democrats.

moreover, have decided that the

party will be active in some of the

NEWS ANALYSIS

made similar decisions. This has

added a new dimension to the com-

this will be the "acid test" of future

It will be the first time in a gener-

ing confrontation.

labor unions, after some hesitation, ations.

cians on both sides concede that possible."

Bush of the United States.

W. Germans Look With Foreboding to 'Hot Autumn'

The left wing of the Social Dem-

Insiders predict that the party, at

ther say no outright to the deploy-

ment of the U.S. missiles or will at

cept," a party official said, reflect-

no young European will any longer

ing this trend. "In three years' time,

Former Chancellor Helmut

itician in West Germany, will have

ocratic Party has been gaining ground in the debate that followed

the lost election.

bent on violence were able to dis-rupt a peaceful demonstration dur-ar, Karl Kaiser, has warned.

demonstrations, according to Peter its congress in November, will ei-

Glozz, the party manager. Major pending further U.S.-Soviet negoti-

ation that the country's second accept the present concept of the

largest party will carry its political balance of terror, and conscription

action outside parliament. Politi- armies, as a result, will become im-

relations between government and Schmidt, still the most popular pol-

Foreign diplomats who after the a large influence on the party's de-

March election predicted a "polar-cision. He was one of the sponsors

ization of the country" now say of the NATO decision in 1979 to

Last of Sect Protesters In Russia to Get Visas

MOSCOW -The last two of the Pentecostalists who had lived for five years in the basement of the U.S. Embassy here have been granted permission to emigrate, along with members of their family, Western sources said Sunday.

The sources said that 15 members of the Chmykhalov family, all of them members of the fundamentalist sect, were in Moscow making final travel preparations and could fly to Vienna as early as Monday.

"We understand they have been granted exit visas," a Western diplomat said Sunday.

The Chmykhalovs are not

problem must be found. If Mr.

Schmidt comes out openly against

the new position that is being pre-pared by the party, the political damage would be enormous.

As the summer exodus starts, the

most frequently used words in po-

ity" and "about-turn." In other

words, how much has West Germa-

ny changed since the March elec-

The Christian Democrats, who

years under their opponents.

won, had promised to turn the

country around after 13 "disas-

The Social Democrats used the

term "about-turn" to charge that

Mr. Kohl intended to reverse ev-

erything that had been progressive

turn has taken place only in the field of civil rights, where Interior

Minister Friedrich Zimmermann,

the country's most aggressive law-

and-order advocate, appears to have been given a virtually free

Four months later, a real about-

and liberal.

litical conversations are "continu-

Pentecostalist family from the Si-

his mother, Mariya, and five mem-bers of the Vashchenko family ran past guards at the U.S. Embassy here in 1978 and lived in the basement until three months ago, when they were told they would be allowed to leave the country.

The Pentecostalist sect is not ofknown to have relatives abroad but ficially recognized in the Soviet

that things have changed since then hand by Chancellor Kohl, who and that new approaches to the himself likes to be seen in a more

benign light.

berian city of Chernogorsk to be granted permission to emigrate for their religious beliefs. Fifteen members of the Vashchenko family left the Soviet Union on June 26 to join their daughter Lidiya, 32, who had gone to Israel earlier.

Two Chmykhalovs, Timofei and

have actively tried to prevent vio-

Mr. Zimmermann's critics ac-

cuse him of finding citizens "guilty

the opposition of being "Thatcherites," but Mr. Kohl has also ap-

(Continued on Page 2, Col. 4)

must be hanged together."

Bernard Gwertzman of The New York Times reported earlier from Washington: Some State Department officials said the Soviet decision to allow the

of being persecuted because their beliefs.

■ Tie-In Seen to Madrid Talks

Chmykhalovs to emigrate was connected to the forthcoming conclu-sion of the East-West conference in Officials said last week that the

Soviet authorities had assured Washington that some dissidents would be allowed to leave this year. They said Saturday that the Chmykhalovs were among those they had in mind.

Emigration permission for all the Pentecostalists who lived in the em-bassy had been promised confiden-tially to the United States by Soviet officials, State Department offi-

cials said Saturday.

In Madrid, the United States agreed formally Friday to a compromise document on security and uman rights to conclude the Madrid review conference and possibly open the way for high-level So-

A high government official who was asked whether Mr. Zimmerviet-U.S. meetings.

Max M. Kampelman, the chief mann was an embarrassment to the government said, "No, but he does U.S. negotiator at the Madrid congo too far in his public statements ference, appeared to refer to such estures as the Russians' decision Mr. Zimmermann is the sponsor to release the Chmykhalovs when of a new law under which a particihe explained why the United States had decided to accept a compropant in a demonstration that turns violent is subject to criminal prosemise document to conclude the cution unless he or she can prove to

three-year-old meeting He said the United States "noted and welcomed a few gestures from the Soviet Union and will continue to encourage further such steps."

until proven innocent," and they Meanwhile, U.S. officials said say that he has given new currency that all that remained for discusto the old German phrase that sussion at the Madrid conference was pects who are "caught together a demand by Malta for a Mediterranean security meeting — a de-mand opposed by most partici-parts in Madrid. Gerhard Stoltenberg, the finance minister, and Otto Lambsdorff, the conomics minister, are accused by

U.S. officials said that Secretary of State George P. Shultz was tentatively planning to attend the sign-ing ceremonies in Madrid and would use the occasion to confer with Foreign Minister Andrei A. Gromyko of the Soviet Union.

It is possible, because of August vacations in Europe, that the cere-mony and the Shultz-Gromyko meeting might not occur until September. The two diplomats, officials said, could be prepare an eventual meeting between President Ronald Reagan and Yuri V. Andropov, the Soviet leader.

shortly after Mr. Kampelman announced U.S. backing for the compromise document. He said the United States would sign the document without any illusions about "the nature of the Soviet Union."

(Continued on Page 2, Col. 5)



STRAUSS SUPPORT SLIPS - Franz Josef Strauss was re-elected leader of West Germany's Christian Social Union on Saturday at the party's congress in Munich. But Mr. Strauss received just 662 of the 949 delegates' votes, 200 fewer than in 1981 and the lowest vote for his re-election in his 22 years as party leader.

Socialist International Leaders Push These include a fundamental debate over whether the United Managua to Liberalize, Sources Say

By Juan de Onis International Herald Tribune

The Defense Department, ac-cording to the paper, contends that of the Socialist International have believe there is imminent danger of it would be better to pull out of sent what one Latin American political source said was an ultimatum to Nicaragua's Sandinist leaders to move promptly to establish pluralist democracy or face a loss

gime was sent to the Sandinist commanders after a meeting last week in Madrid attended by Prime Minister Felipe Goazález of Spain: Willy Brandt, the former West German chancellor; Carlos Andres Perez, former president of Venezuela: has outside the Communist world and Daniel Oduber, former president of by delaying a democratic election. dent of Costa Rica.

vided arms and money, as well as Sandinist leadership: its political influence, to support • An accommomen the Sandinist uprising that toppled the dictatorship of Anastasio Somoza in 1979.

Sources familiar with the outcome of the Madrid meeting said total commission, with representhe Socialist International had in- tauon from all political sectors, to dicated that it was prepared to draft a constitution that would prowithdraw its support from the San-vide guarantees for a pluralist podinist regime unless the original littless system based on free elec-goals of the revolution, which included the establishment of political democracy, were implemented law that would provide guarantees

The sources said the Madrid de- parties, some of which are now outcision reflected concern over grow- 122 od.

ing evidence of U.S. military sup-port for anti-Sandinist guerrillas operating out of Honduras. Those severely curtailed. would have destabilizing effects

The Socialist International strongly supports the efforts of the so-called Contadora Group, which of support from the group.

A letter containing four demands that would soften the Marxiombia and Panama, to help conist orientation of the Managua re- tain conflict in Central America by working out a regional peace plan. The letter sent to the Sandinist regime indicates that the Socialist International leaders believe the Nicaraguan leadership is jeopar-

throughout the region.

dizing the international support it The sources said the letter called The Socialist International pro- for four immediate moves by the

· An appoingment that general elections would be held next year, rather than the 1985 date that Managen has talked of. Appointment of a constitu-

Premulsation of an electoral

of the existence of a wide range of

A copy of the letter reportedly was sent to President Fidel Castro. Cuba has provided military equip-ment and advisers to the Sandinists, as well as thousands of doctors

The letter makes no mention of Nicaraguan support for the leftist guernillas trying to overthrow the U.S. backed government in El Sal-

The Socialist International favors an opening of negotiations be-tween the political arm of the Salvadoran guerrilla movement, the Revolutionary Democratic Front, and the government of President Alvaro Magaña, on the condition that a cease-fire be declared and supervised elections held.

The Salvadoran government and the Reagan administration are believed to want to improve Salvadoran military control over key areas of the country before entering ento any talks. Some members of the Reagan

administration are said to hope that U.S.-backed Nicaraguan guerrillas will trigger a popular uprising against the Sandinist regime, neutralizing Cuban-backed military forces in Central America and thus preventing the Salvadoran guerrilhis from negotiating from a posi-

Until the Libyans Stop Supporting Insurgents sent last month to a rebel base in NDJAMENA, Chad - The northern Chad. The prisoner said he carried no

Chad Bars Cease-Fire

Chadian government will not agree volvement in the fighting, a govern-ment official said Sunday.

maila Mahamat, said another precondition for a cessation of hostilities was that the Organization of African Unity's ad hoc committee on Chad be reactivated. Mr. Soumaila was responding to

appeals Saturday from the OAU's nine-nation working committee for a cease-fire, noninterference by foreign powers, and talks leading to national reconciliation.

The ad hoc committee, distinct from the working committee that met Saturday in Addis Ababa, was

formed in 1977. It still exists but

has not met during the latest fighting between President Hissène Habre's army and the rebel forces of Goukouni Oueddei. The Chadian government insists that Libya controls the rebels and is responsible for their actions. It

therefore refuses to negotiate sepa-rately with Mr. Goukouni, a former president of Chad. "The rebels and Libya are struc-turally connected," Mr. Soumaila said, in what amounted to a restate-

ment of the government's previous

Mr. Habré's government has consistently favored using the ad hoc committee, set up to examine the long-standing quarrel between Chad and Libya over frontiers and other issues, to mediate in the con-

Saturday's communiqué by the working committee urged Men-gistu Haile Mariam, the OAU chairman, to use his good offices, including a possible reactivation of the ad hoc committee, to end the

The official Chadian press Saturday rejected any idea that factions existed in Chad that should discuss the conflict.

An official source of the foreign liasion bureau "warmly welcomed" the OAU statement, saying it "conveys the OAU's determination to deal with the Chadian problem within the African framework, especially considering that the Chadian problem is in reality an internal one which depicts the struggle for power between the different Chad-

■ Prisoner Presented

The Chadian authorities presented to Western journalists Sunday a barefoot, frightened-looking black youth who said he was a Libyan Army corporal taken prisoner last week in northeastern Chad.

The Associated Press reported that the youth characterized him-

to a cease-fire or talks to end the Libyan identity card and that he civil war until Libya stops its in- had been instructed by superiors to deny his nationality if captured. The prisoner said he was told The information minister, Sou- their mission was to liberate Chad.



Lucy Langley-Williams, 60, who suffered three broken ribs in a helicopter crash, was brought ashore from a lifeboat Saturday at St. Mary's Island.

20 Killed Off Scilly Isles In Crash of a Helicopter

The section of the se

PENZANCE, England — Twenty persons, including eight children, were killed Saturday in a helicopter crash near the Scilly Isles, off the southwest coast of England, officials said Sunday. The cause of the crash was still unknown, they said

Six persons, including two children and the two pilots, survived. However, two entire families were reported killed, as well as a prominent orthopedic surgeon, Dr. David Fuller, 42. The crash involved a British Airways Sikorsky \$-61 on a shuttle flight from this seaside resort to the Scilly Isles group that begin about 25 miles (40 kilometers) off Land's End. The crash occurred about a mile from the islands and the helicopter sank in 200 feet

(60 meters) of water. Divers were reported ready to descend to the wreckage. The managing director of British Airways helicopters, Michael Ginn, said Sunday night; "It has not been possible to determine

Another aviation expert, Captain Eric Brown, said that it was possible that the crash had been caused by seabirds. Several found dead near the site of the crash were taken ashore for examination. Dr. Adrian Davis, an island physician, said the survivors told him that the two pilots. Captain Neil Charlton and Captain Dominic Lawlor, had helped to keep the others afloat for about an

It was the state-run airline's first loss in its island run since the service started in 1964.

المكذا من الدَّعيل

Lebanon,

U.S. Plan

New Talks

Teams to Seek Ways

To Reassure Syrians

By Don Oberdorfer

Washington Post Service

States and Lebanon have begun

work on a new diplomatic attempt to break the deadlock encountered

by Secretary of State George P. Shultz on his recent Middle East

trip, Foreign Minister Elie Salem of

Lebanon said.
Mr. Salem, who conferred with
Mr. Shultz for more than an hour at

ways to assure Syria that its securi-

ty will be protected after its troops are withdrawn. If Damascus can be

persuaded that tangible gains have

been made, he said, it may be will-

ing to reverse course and move to-ward withdrawal without formally

accepting the recently negotiated Israeli-Lebanese pact.

The initial discussions here will

Amin Gemayel of Lebanon and top U.S. officials, including Mr. Shultz and President Ronald Rea-

gan, aimed at producing "a timeta-ble for action or for testing ideas within a very short period" through

presentation to other Middle East-

ern parties, Mr. Salem said.

A Washington visit next week by
Prime Minister Menachem Begin
of Israel will provide an occasion

for presenting new options to Isra-

ty of a renewal of U.S.-Syrian dis-cussions within the next few weeks,

despite the stone wall that Mr. Shultz encountered in his five-boar

session with President Hafez al-Assad in Damascus on July 6. "I

think it is in the interest of both

Syria and the United States to have

"We have a great sense of orgen-

cy. Our economy is threatened be-

cause of the stalemate. There is

danger of demoralization of our

population. . . . There is danger of

osing the national consensus," said

Mr. Salem, who arrived in Washington amid reports of renewed

fighting between ethnic and reli-

ments are at stake in the present

phase of Lebanon's travail, accord-

"For us time is of the essence,"

Mr. Salem said. "We cannot afford

to say the month of August is the

We cannot think like that at all....
"We do not mind if one idea fails

and then we try another. We do not

mind if the process continues more

than a month or two or three or

four, provided all the time you are

testing credible ideas, you are pur-

ing to Mr. Salem.

a continuing dialogue," he said.

Mr. Salem held out the possibili-

from Lebanon.

WASHINGTON - The United

Pravda Calls U.S. Stand On Missiles One-Sided, Presses a Soviet Plan

By Serge Schmemann

New York Times Service MOSCOW - The Soviet Union has charged that recent U.S. proposals at the strategic-arms talks in Geneva were one-sided efforts to gain military advantage, and Mos-cow pressed its own plan for an overall limit on all types of war-

An editorial in Pravda, carried Friday by Tass, criticized in detail the proposals set forth last month by President Ronald Reagan but offered no details of the Soviet plan. Although reports from Washington said the Russians had made some new proposals at the Geneva talks, Western diplomats said the Pravda editorial did not appear to represent any movement from pre-viously publicized Soviet positions.

Pravda said that Moscow favored a "comprehensive approach," placing an overall lin warheads however they might be deployed. "All nuclear warheads would be equally taken into account within the framework of the agreed-upon ceiling," it said.

U.S. Shifting Priorities at Federal Labs

By John Wilke

Washington Post Service WASHINGTON -The Reagan administration plans to curtail research on alternative energy sources and expand efforts to develop new weapons at several of the nation's federal laboratories, according to the White House science

The move is part of the administration's effort to redefine the role of the labs to make them more responsive to national needs and more in tune with administration priorities, Dr. James G. Ling, executive director of the president's Office of Science and Technology Policy, said Friday. The labs have an annual budget exceeding \$15 bil-

In a one-year study of the problems and potential of the government's research facilities, a presidential panel found that many of the 755 U.S. labs suffered "serious deficiencies" that compromised the quality of their research and their cost-effectiveness. The panel's report, released Friday, recommended greatly expanding access to the labs by private industry, universi-

ties and the military.

The panel was chaired by David Packard of the Hewlett-Packard Co. It included Dr. Edward Teller, an advocate of stepped-up nuclear Wheelon of Hughes Aircraft Co., and physicists from Yale University, the Massachusetts Institute of Technology and the University of

Although the panel did not recommend closing specific labs, the report said funding at individual facilities should be allowed to increase or decrease, "to zero if necessary," to meet national needs.
"This isn't a budget-cutting exer-

cise, it's an effort to get a better return on our investment," Dr. Ling said. He said many of the labs had had management problems and an uncertain sense of mission as successive administrations set new research priorities.

For example, he said, some of the labs traditionally associated with weapons work, which began doing research during the Carter administration on alternative energy sources, would be steered back to their original mission.

The panel's report concentrated on laboratories operated by the six U.S. agencies with the greatest share of research funding: the departments of Defense, Commerce. Agriculture, Energy, and Health and Human Services, and the National Aeronautics and Space Ad-

Among the panel's recommenda-tions are the following:

• Relaxing federal procurement

requirements to encourage more cooperation with private industry.

• Legislative changes to free the labs from the constraints of the Civil Service system. The panel found that almost all of the labs, both government-operated and contractor-operated, "suffer seri-ous disadvantages in their inabilities to attract, retain and motivate scientific and technical personnel" because of the Civil Service system. Multiyear funding so that pro-

grams and staffing for the labs can be properly planned. External oversight by a committee on which industry and unitate on which industry and unitate on which industry and unitate of the production of the Societ Union production if the Societ Union production if the Societ Union production if the Societ Union production is the Societ Union production in the S versity interests would be well-rep-

would negotiate "deep reductions" in its missile force. The Defense Department wants bate that had not already been said to build 100 MX missiles, each of about the missile. Opposents of the • Appointing facility directors for specific lengths of time and holding them "accountable for the which can carry 10 independently quality, relevance and productivity targetable warheads, to replace the of the laboratory."

MA argued that it would change U.S. strategy because it was a aging arsenal of intercontinental weapon that could not be defended

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On the TRIB'S monthly

STYLE PAGE

next Thursday, July 21.

"The Soviet Union proposes that the total aggregate level of nuclear arheads on strategic delivery vehicles of the sides should be below the number of nuclear warheads that the United States now has, Exactly this approach is the basis of the draft treaty that was submit-ted by the Soviet delegation in Ge-

ducing warheads to a level below the approximately 7,000 deployed by the United States, possibly to the 5,000 limit proposed by Mr. Reagan in May 1982.

But the Soviet formulation would allow the Russians to keep their big multiple-warhead ballistic missiles, an arsenal the Americans have insisted must be reduced

Under current U.S. proposals, only 2,500 of 5,000 warheads could be based on land, and the overall number of missiles would be limited to about 1,200. But the Soviet side would, additionally, have to restrict its force of big \$\$-17s, \$\$-18s and SS-19s, the backbone of its strategic forces, by two-thirds, to

American experts argued that the Soviet formula would leave intact the Russians' most formidable

weapons.

The Pravda editorial said deep cuts in the number of missile launchers and limits on land-based intercontinental missiles would gravely weaken Soviet nuclear forces, which are primarily land-

The editorial further contended that the U.S. focus on missiles es-sentially left Washington free to deploy thousands of cruise mis-siles, B-1 bombers and other new

Pravda said the selective limitations proposed by Washington were a "double standard" that would sharply reduce Soviet strategic systems while allowing the Americans to upgrade theirs.

TORONTO - The Canadian

government has approved testing of the U.S. cruise missile in Cana-

da, resolving a delicate diplomatic

issue between the two countries.

and running for five years. The said final decision, made by Mr. Tru-

Eachen had suggested that Canada

New York Times Service

Senate leaders were unable to

schedule a major vote because

there were so many parliamentary maneuvers and intemperate

flashes, and so much talk.

"The filibuster is on." Senator

President Ronald Reagan, equal-ly frustrated, said in his weekly

the day.

might link its approval to U.S. flexibility in arms talks with the Rus-

Canada Will Let U.S.

Test the Cruise Missile

Despite public protests across the security of both our nations and Canada, the Liberal government of of our allies by demonstrating our

Pierre Elliott Trudeau said Friday commitment to a strong deterrent

that it would allow four to six test and to promoting stability," a flights annually, starting next year statement by the U.S. Embassy

dean's cabinet, was passed on immediately to U.S. officials.

External Affairs Minister Allan cruise testing by a margin of 213 to

MacEachen said at a news confer- 34, and Mr. Trudean recently

rity of Western nations hinges on tion, most members of the Progres-maintaining an adequate deterrent sive Conservative Party favored ap-

to aggression. In March, Mr. Mac. proval. Only the leftist New

Mr. MacEachen said Friday that signed to allow the testing of non-

Canada supports the ultimate abo-lition of all nuclear weapons but that that goal is not achievable in the near future.

nuclear weapons in Canada.

Top U.S. officials, including
Vice President George Bush on a
recent visit to Canada, have em-

the unarmed missiles in Alberta be- 10 make a yes-or-no decision spe-

cause of terrain there similar to that cifically on the cruise. Canadian in the Soviet Union. The cruise, officials have privately expressed

low altitudes following the con-public opposition to the missile.

MX Missile Opponents

By B. Drummond Ayres Jr. missiles now in place. The system would cost more than \$20 billion.

WASHINGTON — In a mid-summer Saturday session that most members did not want, the Senate

bogged down in a debate over the ons. That proposal led to Sat MX missale and other weapons sys-

John G. Tower, Republican of Tex-as, said wearily midway through candidate who heads the loose anti-

radio address that if Congress sile to the arms race, interspersed

would approve the MX system,
"our agenda for peace will be
strengthened even further." Then,
said privately, that if a Senate vote
on the missile could be delayed would approve the MX system, with action on other matters.

said he would cut back on MX until late pext week, the House

Delay Vote in Senate

The United States wants to test phasized that Canada had the right



Travelers peer behind the wall erected at the bombed Turkish Airlines counter.

6th Victim Dies From Bomb Attack At Orly Airport

Compiled by Our Staff From Dispatches PARIS - A sixth person has died from the bomb attack Friday at Orly Airport claimed by Armenian extremists. Sixty per-sons were injured in the attack.

The victim was a 24-year old American student in Paris who also holds Greek nationality. He was seeing off his Turk-ish fiancee at Orly. She was not at the Turkish Airlines counter

when the bomb, hidden in a suitcase, exploded, police said. Three French citizens and two Turks were killed.

The Secret Army for the Liberation of Armenia said it had planted the bomb. The group wants Armenian independence from Turkey and Turkish recognition of the massacre of Armenians in 1915. The bombing followed the slaying of a Turk-

menian extremists Thursday.

Ara Toranian, the Parisbased head of the Armenian National Movement, a political group that backs the extremist group, said in an interview with the Journal du Dimanche that he disapproved of the airport attack. But he was quoted as saying that the group's leaders had been driven to "a strategy of despair."

set the stage for meetings Thursday and Friday between President 6,000 Join Hands in London Protest Against U.S., Soviet Nuclear Arsenals

By Peter Osnos

LONDON - About 6,000 antinuclear protesters joined hands Saturday in Hyde Park in a human chain that linked the U.S. and Soviet embassies on the 38th anniversary of the first explosion of an atom-

tion by enemy radar and to find its

target.
Washington expressed pleasure
at the Canadian decision. "We believe this decision will contribute to

The Canadian approval was

Democratic Party has been op-

The approval comes under an

earlier general agreement already

The military authorization bill

ons. That proposal led to Satur-

Armed Services Committee.

charged as the session got under

way that MX opponents were using

delaying tactics because "they ob-viously don't have the votes."

But Senator Gary Hart, the Col-

MX coalition, countered that no

filibuster was under way, only de-

bate on the implications of the mis-

might vote on the system first and defeat it or cut it up a bit.

about the missile. Oppocents of the MX argued that it would change

and therefore would be perceived

as a "first-strike" weapon. Propo-

nents argued that the missile was

needed because other U.S. inter-

continental weapons were obsolete

and because it would force the So-

viet Union to treat disarmament

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talks more seriously.

Little was said in Saturday's de-

Mr. Tower, who heads the

was directed as much at the Soviet Saturday's demonstration Union as at the United States, the organization's most ambitious Identical letters were delivered to in several months. The biggest of officials of the two embassies call- the fall will take place Oct. 22, ing on the superpowers to declare when organizers hope to have a an immediate freeze on nuclear huge crowd fill Hyde Park in one

United States first tested an atomic government before the missiles are bomb in the desert near Alamogordo. New Mexico. Large balloons representing the

Earth were passed hand-over-hand across the mile and a half (2.4 kilometers) that separates the embassies, which are at opposite ends of the park.

The demonstration was orga-nized by the Campaign for Nuclear Disarmament, the largest of Britain's anti-nuclear groups. Unlike most protests over the past year, this one was not specifically aimed at the planned deployment later this year of new U.S. mediumrange missiles in Britain.

With deployment now widely accepted as a certainty, unless a U.S.-Soviet agreement on the missiles is reached in the Geneva arms talks, seems to recognize that as deploy-the disarmament group seems to be ment of the missiles approaches, a emphasizing again its broader op- resurgence of the anti-nuclear position to miclear weapons.

ed to the Soviet and U.S. em- would be no formal cer bassies said, "as a prelude to making the day the missiles being massive unilateral cuts in your
come operational. He said the goving will be in September when the
muclear arsenal, leading to multilaternment had "no intention" of givUnited Nations meets and the for-

last major attempt to influence the It was on July 16, 1945, that the Geneva negotiators and the British deployed.

Two weeks ago, the women of the Greenham Common peace camp, located at the gates of the base where the missiles are to be deployed, staged four days of demonstrations in an attempt to blockade the base.

Nonetheless, the demonstrations received relatively little press and public attention here and abroad. The Daily Mirror, which had been sympathetic to the Greenbam Common women, published an article last week by an undercover reporter who said that the camp had become filthy, that many of the women are lesbians and that few scemed interested any longer in discussing nuclear arms.

Even so, the government still movement may well take place. In a "We demand that you agree at meeting with foreign correspon-once to an immediate freeze on all dents last week, Defense Minister nuclear weapons," the letters ad- Michael Heseltine said that there eral and complete nuclear disarma- ing its opponents an opportunity to arouse public sentiment.

'Hot Autumn' Feared By the West Germans

(Continued from Page 1) pointed a liberal and popular labor even asked the Russians how they minister, Norbert Blüm, who is re-would feel if someone built a wall directed by its computer, can fly at gratitude for this respect, due to the

sisting this tendency. In foreign policy, the accent has been on continuity not change, according to foreign diplomats. Mr. Kohl speaks a different language than Mr. Schmidt, but much of the

difference is tactical, they say. In Moscow, Mr. Kohl aggressively stressed his closeness to President Ronald Reagan and almost flaunted his commitment to deployment of the U.S. missiles.

Peter Bönisch, the government spokesman, said: "We thought the more we stressed our integration in the Western alliance, the more seriously the Russians would treat us, and it worked."

tions conducted by Franz Josef Stranss, West Germany's most con-servative leader, the Kohi govern-

Mr. Kohl is anxious above all to protect the difficult relationship between the two Germanies from the expected deterioration of East-West relations because of the mis-sile deployment, an official said. The new West German government, like its predecessor, is strongly in favor of a continuation of th East-West dialogue beyond the missile issue. "New negotiating tables" must be found, an official

No one else in Europe attached more importance than the West Germans to the successful conclusion in Madrid of the Conference on Security and Cooperation in Eu-The feeling of being "at the cen-

ter" of the dispute on the missiles, of being the "most exposed" coun-try but also of being entitled "to be heard" is pervasive in West Germa-By today.

amounts to a new nationalism. the Fatherland, and this talk is going over well with middle-class

Some call it patriotism and a new self-assertiveness. Some think it Chancellor Kohl often talks of

fication of the two Germanies. He through Moscow.

To this, the daily Frankfurter Allgemeine Zeitung wrote in an editorial: The West must apply the values of national self-determ nation and human rights also to the German question.'

The new tone is not the monopoly of Mr. Kohl and his supporters. Hans-Jochen Vogel, his opponent in the election campaign, empha-sized "the German interest" when talking about the U.S. missiles. The good for the United States or even NATO may not be good for Ger-

At the same time, through a billion-mark (\$386.1-million) credit specific German national note can given to East Germany in negotia- sometimes be detected. Its members point out that only Germany has been asked to deploy the new Pershings while the other European ment signaled its willingness to be countries will take the slower cruise flexible in dealing with the Commissiles, which are less objectional to the Russians.

It is pointed out that West Germany will have no control over use

At present, he said, a major-problem is the "very close" alliance of Syria with the Soviet Union, which he described as "determined to foil American plans in Lebanon or any Middle East plan in which they are not a part."

Mr. Salem also said that Syria has fears about the Israeli-Leba-nese agreement, believing that it "brings in the American presence to Lebanon" and "converts a big part of Lebanon into an Israeli pro-

New Fighting in Chaf Region
Renewed Christian-Druze Fighting in the mountains east of Benut Sunday shattered a 17-hour informal truce between the rival factions, United Press International reported from Beirnt.

Officials of rightist Christian mi-litias accused their Druze adversaries of opening artillery fire at two villages in the Chuf Mountains without provocation. Druze spokesmen were not available for comment on the clashes.

Security sources said the shooting was less intense than a six-bour artillery duel between the two sides

WORLD BRIEFS

Greek Aide Sees Limit to U.S. Bases ATHENS (UPI) - Greece said Sunday that the administration in power in Athens in 1988 will be legally obligated to start closing U.S. military bases under the terms of the new agreement with the United

States. Commenting on the possibility that Prime Minister Andreas Papandreon could be voted out of office in 1985, the government spokesman, Dimitrios Maroudas, said the agreement reached Friday that controls the operation of four main bases and 16 secondary installations would become law after ratification. "Whatever government is in power in 1988 will be bound by law to execute its terms," Mr. Maroudas said.

The agreement, initialed Friday by the U.S. and Greek governments; will go into effect by Jan. 1, 1984 and will expire Dec. 31, 1988. Mr. Maroudas said that makes the contemporary the Greek governments.

will go into effect by Jan. 1, 1994 and who can be described and an arrounded that under the teams of the agreement, the Greek government would have to warn the United States in August 1988 that the dismantling of the bases must begin at the end of that year. Mr. Papandreou said Friday the United States will have 17 months to dismantle and close the bases after the expiration of the agreement.

Uruguayan Military Seeks '84 Vote

the State Department on Saturday, said afterward that U.S. and Leba-MONTEVIDEO (AP) — The military government has said that elections will be held next year and that power will be turned over to civilians in 1985 despite the failure of negotiations on a new constitution. nese diplomatic teams will engage in detailed discussions here Monday and Tuesday on "specific points" to be presented to Syria and Israel as well as to moderate In a message broadcast Priday night, the armed forces said they would dictate the terms of a new national charter unless representatives of the political parties agreed to work toward agreement on a constitution. The armed forces said the decision was the result of deliberations Wednesday Arab nations in the quest for with-drawal soon of all foreign forces Among the ideas being considered, Mr. Salem suggested, are

armed rorces said the decision was the result of deliberations Wednesday and Thursday among active generals and admirals and the president, General Gregorio Alvarez.

The statement said general elections would be held in November 1984 and that power would be handed over to elected authorities March 1, 1985. There was no immediate reaction to the request that constitutional talks be resumed by the legal political parties.

Police Fire at Rioters in Londonderry

BELFAST (AP) - Police fired plastic bullets at rioters early Sundaywhen up to 100 masked youths, many armed with gasoline bombs, moved toward the center of Londonderry in Northern Ireland's seventh straight

day of street violence.

They set one building aftire and hurled about 60 bottles of flaming

They set one building after and fruried about 60 borders of training gasoline at police before they were dispersed, authorities reported. Officials said they had no reports of injuries and blamed the violence on supporters of the outlawed Irish Republican Army.

In another development, a British Army spokesman said experts defused a bomb Saturday night containing 400 pounds (180 kilograms) of explosives that was found beside a road in County Londonderry. It was similar to one that killed four Ulster Defense Regiment soldiers in their parallel of the Medical of the control of the contr patrol car Wednesday.

Israel Seeks to Build Own M-1 Tank WASHINGTON (UPI) — Israel has asked for permission to manufacture its own sophisticated M-1 battle tanks rather than buy the \$1.2 million vehicles from the United States, according to a secret General

Accounting Office report.

The report also says the invasion of Lebanon last year provided Israel with an armaments bonauza, bolstering its arsenal with hundreds of captured Soviet tanks and artillery pieces and tons of munitions. The GAO report, issued publicly in an unclassified version on June 24, was made available to some news organizations in a largely unexpurgated form by the American-Arab Anti-Discrimination Committee.

Six pages of the ordinarily highly secret information — mainly from the Central Intelligence Agency and the Defense Department — was not made available to the committee. The Justice Department, at the request of the GAO, has opened an investigation into how the committee got the report, which was prepared for Congress. The missing six pages of the original report, mainly dealing with the Arab-Israeli military balance; have been made available to United Press International. These pages report on the tank request.

Austrian City Orders Dioxin Moved gious groups in Lebanon. U.S. credibility in the Middle East and the validity of its commit-

LINZ Austria (AP) - City officials have ordered Chemie Linz, the last European producer of dioxin, to start ridding its pesticide plant of. boxcars full of the toxic chemical waste by Tuesday or face partial closure, according to news reports.

Officials of the company reportedly protested the order and claimed they needed at least 14 days to dispose of the dioxin, a byproduct of their manufacturing process. The waste is said normally to be shipped through West Germany for incineration on ships in the North Sea. Several mers have said that Bonn receptly closed its territory to to of the dangerous waste, reports denied by Chemie Linz officials.

Kurt Steyrer, Austria's health minister, said Saturday he favored United Nations meets and the for- closure of the plant, but he did not elaborate. Environmentalists in the eign ministers come to New York. region, in northwestern Austria, have recently stepped up their campaign to end dioxin production in Linz.

Walesa Assails Proposed Regulations WARSAW (AP) — Lech Walesa, the leader of the banned Solidarity

trade union, says the Communist government is further alienating the Polish people by preparing tough new regulations to replace martial law: Mr. Walesa, returning Samrday to Gdansk from an unauthorized suing them and you are not just waiting for Godot." vacation, said in a telephone interview that he would continue defying the authorities by extending his vacation until Aug. I.

Mr. Walesa said that the new laws being prepared by the Polish parliament would "widen the gulf dividing this society." The regulations, which are expected to be passed by parliament this week and replace martial law, would tighten controls on workers, students and academics:

Hijacked U.S. Airliner Lands in Cuba MIAMI (Reuters) - A Delta Air Lines Boeing 727 sirliner hijacked

over Florida with 100 passengers and seven crew members aboard landed safely Sunday in Havana, U.S. officials said.

A spokesman for the Federal Aviation Administration said that at least three men had bijacked the plane, which was on a flight Sunday morning. from Miami to Tampa.

It was the third airliner hijacked this month and the seventh hijacked

this year while flying into or out of Miami, officials said. For the Record

MOSCOW (Reuters) — The Soviet Union has appointed its former-envoy to Poland, Boxis Aristov, to the post of deputy foreign minister. Tass said Sunday.

VIKNNA (Reuters) — Cardinal Franz König, 77, the Roman Catholic-archbishop of Vienna, was quoted Sunday in the independent daily Neue Kronen-Zeitung as saying he will retire after a visit to Austria by Pope-John Paul II in September.

LISBON (Reuters) — Portugal and the United States will resume negotiations Monday on renewal of the lease on the U.S. air base at Lajes in the Azores, five mouths after the previous agreement expired, accord-

Soviet Pentecostalists Are Said to Get Visas Salvadoran Labor (Continued from Page 1) but with hopes of moving toward a more constructive relationship. The document is a follow-up step to the Final Act of the 1975 Helsin-ki conference on Functions services and their rights, "he said. A series of other follow-up meeting will include the Millian Services and their rights," he said. Language was also obtained, Mr. A series of other follow-up meetings will include the Millian Services and their rights, "he said. Language was also obtained, Mr. Kampelman said, to protect indidator's largest labor organization has been serviced.

ki conference on European security and cooperation, which was signed by the United States, Canada, 32 European nations and the Vatienn. The Helsinki document provided

up a follow-up meeting in Stock- tacts and family remification, ac- of Europe. holm next January "to work out cess to diplomatic and consular

An agreement is to be negotiated terrorism." calling for states to notify others of certain maneuvers.

The U.S. delegate also said that ship with the Soviet Union. "We must all consolidate the consolidate that ship with the Soviet Union."

that the notification measures to be tained in the document. Germans.

In Moscow, he was bold enough adopted at Stockholm "will apply "It clearly states that participation in the document.

Sure that good words are transformed into good deeds and the to all of the European portion of ing states will ensure the right of ideas that they embody are given call for the eventual peaceful reuni-

ings will include two dealing specifically with human rights and hu-

Madrid document would add "imfor measures to enhance security, portant new provisions" to the Heling document, as we did in 1975, to economic cooperation, human sinki accords that "deal with the the Helsinki Final Act itself, with rights and a flow of ideas and peo-rights of workers to organize, with no illusions about the nature of the ple between East and West. human rights, with Helsinki moni-Soviet Union or about the system The Madrid agreement also sets tors, religious rights, human conholm next January "to work out cess to diplomatic and consumation, rights of that it will serve as a step toward detailed measures to reduce the missions, information, rights of that it will serve as a step toward detailed measures attack." iournalists and measures against achieving our objective of a more

Mr. Kampelman emphasized language on trade unions was ob-

man contacts.

The president, in his s
Mr. Kampelman said that the on the compromise, said: The president, in his statement "We have agreed to this conclud-

which it seeks to impose over much

stable and constructive relation-We must all consolidate and build on these gams. We must en-

sure that good words are trans-

SAN SALVADOR - EI Salvador's largest labor organization has tuged postponement of the presi-dential elections scheduled for later in the year and said a proposed constitution would perpetuate the violence here.

A statement released Saturday by the Popular Democratic Union . said the government should delay elections until 1984 to encourage leftists to participate in the voting -

"We reiterate our call for dialogue so that a political space can be guaranteed to the conflictive sector so that it can participate in future elections," said the statement signed by five groups claiming to represent about 500,000 la-boters. President Alvaro Alfredo Magazia said last week the elections would probably be held the second or third week of November.

هكذا مزالزهل

'Demon Gossip' Descends on Washington's Innocents

By Francis X. Clines

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Acousti des

New York Times Service WASHINGTON - As the O'Connor family stood on Pennsylvania Avenue and peered be-tween the bars of the White House fence, the freckled faces of the youngsters bore witness to the goodness of ordinary Americans that all presidents say is out there.

Inside the White House, there was talk of torn spirits slowly healing in the West Wing after two straight weeks of strain over the story of the purioined campaign papers. Well away from the Oval Office, there was mild cackling at still another joke about the bit of comic relief mercifully supplied to this suspicion-wilted city by way of California.

"I can't help it if someone on those tapes looks exactly like me," an administration official said, straight-faced, building a mock alibi as word spread on the latest videotapes that may or may not exist and may or may not involve administration officials.

As is usual in this city, the acmal existence of the tapes seemed secondary to the chance to blend them into the concoction of wicked information - verified, rumored and imagined - that has left Washington bibulons with "demon gossip." Flagon-sized earfuls of the stuff are being

passed about, sloshing the reputations of administration officials and White House workers. Most are innocent by all the presumptions of justice, Nevertheless, new names crop up regularly, easily, in the increasingly mindless jumble of speculation about filched papers, dumpstered documents and blue movies.

It was with great disappoint-ment, accordingly, that a White House regular emerging from the daily news briefing saw the inno-cent beauty of the five O'Connor faces arrayed at the fence suddenly yield to cariosity.

Anything new today? The

O'Connor, a policeman from like junk food." Staten Island.

Alas, thought the White House regular, the groundlings can no longer wait until the latest accounts are beamed out by all the television news cameras stationed like sentries on the North Lawn.

"Nancy. I'm interested in," explained Mr. O'Connor's wife, Carolyn. "She's lovely. I'm interested in news on her." On this occasion, an innocent

capital seemed rescued from terminal cynicism. The story of how Reagan officials obtained and used President Jimmy Carter's campaign papers in 1930 remains unfinished. But there is a sense of exhaustion

question free of innuendo, the

"Lord. I just wish some Susie Q. would come forward as the mole and bring an end to it," said a White House worker, "We'd all throw up our hands in relief. The

among participants.

The term of reference, "Susie Q," is noteworthy in the context of this story. One predominantly female category of workers, whose individual members have been loosely maligned in recent weeks, is the White House cadre of secretaries and executive aides. Different sources, Republican and Democratic, have privately named several of them as possible

> suspicion, no proof. When motive is questioned, possible love affairs are casually hypothesized, as if the basic explanation could never lie in executive sloppiness on the part of male Carter aides or deviousness on the part of male Reagan aides.

"moles," or informers, in the Car-

ter White House, offering only

There are Reagan officials who peripheral heat that can be generated, the better are the administration's chances of being par-

wife wants to know," said John constant talk of this business is doned by the public for the basic fact at the heart of the story: the Reagan camp's admitted receipt and use of some Carter materials in preparing Ronald Reagan for the 1980 campaign's climactic de-

> Thus far, there is no shortage of tangential issues, with Republicans themselves stirring talk of some as-yet undocumented Kennedy connection, and with Democratic House leaders pleasing the White House immensely by heaping doubt on the inquiry of Representative Donald J. Albosta, Democrat of Michigan.

With no public report required from the Justice Department and with the House inquiry off to a shaky start, the basic issue in this incident - what are acceptable campaign practices? - may be left, like so much else in Washington, to the watery parameters of opinion polling. This, in turn, may or may not dictate the need for the president to eventually take some sort of dramatic action.

U.S. To Trim Arms Sale to Taiwan, Apparently at the Request of Taipei

By Don Oberdorfer

Washington Post Service WASHINGTON - The Reagan arms to Taiwan, about \$200 million less than had been expected but er, Beijing's attitude has gradually still the largest such sale of the administration.

Congressional and State Department sources attributed the reduction to military officials in Taipei, who reportedly decided they did not want to buy all the arms that Washington was offering at this

The sale is certain to be criticized by China, which regards Taiwan as a wayward province that should not be sold arms by the United

States or other countries.

The official notice of the long-expected sole, apparently timed for late Friday to draw as little public attention as possible, came as U.S.-Chinese relations have shown signs of improvement after many months

of trouble.

These include an expected visit to Washington in September by found no evidence that U.S. troops Foreign Minister Wu Xueqian, negotiations on a visit to Beijing this fall by Secretary of Defense Caspar atomic bombings of 1945 developments. gotiations in Washington last week fatal bone cancer, more frequently on a U.S.-Chinese nuclear cooperation agreement. The agreement The judgment was made by six would make it possible for U.S. firms to sell nuclear power equipment and fuel to China.

hoped-for exchange of visits by Academ Prime Minister Zhao Ziyang and neering. President Ronald Reagan. The United States considers a visit to Washington by Mr. Zhao as a necessary first step toward a trip to Beijing by Mr. Reagan.

Mr. Zhao has accepted in principle a U.S. invitation but has not said when he wants to go, apparently because of the unsettled state multiple myeloma might actually of relations. Mr. Reagan is plan- have reached "epidemic proporning a trip to Japan, South Korea, Indonesia and perhaps other The veterans also charged that the Southeast Asian nations in Novem-research council had timed the reber, but China is not on his itiner-

A senior State Department official, in a briefing on the nuclear cooperation talks, reported progress but no agreement in three days of discussions.

Such a pact would involve restrictions on Chinese use and transfer of U.S.-supplied nuclear equip-ment and material and would make possible as much as \$10 billion in

dependent nuclear policy. Howevshifted, and it is said to be preparing to join the International Atomic Energy Agency.

The arms sale to Taiwan announced Friday includes aircraft spare parts, surface-to-air and sealaunched missiles and kits for upgrading U.S. tanks previously sold

nuclear sales to China by U.S. com- The State Department said the panies, according to industry sales are in keeping with the U.S. sources. Until recently there Chinese statement in August, in seemed to be little prospect of a which Washington promised to readministration has told Congress

U.S.-Chinese agreement on nuclear duce gradually the quantity and that it plans to sell \$530 million in cooperation because of China's inquality of U.S. arms sales to Tai-The State Department said \$320

million worth of arms had been sold to Taiwan earlier this year, but that all of the items in the new \$530-million purchase would not actually go to Taiwan this year. Therefore, officials said, they do not foresee exceeding a self-im-posed ceiling of \$\$00 million in

Cancer Claim of Veterans At Hiroshima Is Rejected

By Philip Boffey

New York Times Service WASHINGTON - A National Research Council committee has Weinberger and progress in ne- oped multiple myeloma, an often

experts in radiation, cancer and related disciplines who were appointed by the research council, the op-Still unresolved, however, is a crating arm of the National Academies of Science and of Engi-

The finding was rejected by the National Association of Atomic Veterans, which charged that the research council "grossly and intentionally misrepresented" its findings in a "medically criminal" effort to "whitewash the issue." The veterans' group asserted that tions" among the exposed troops. port "in a crude political attempt" to undermine the commemoration Saturday of National Atomic Vet-

erans Day.
The research council's study was sponsored by the Defense Nuclear Agency after veterans' groups suggested that multiple myeloma was occurring with increased frequency among those who served in the U.S. uion forces.

Soviet Dissident

United Press International

attributed to pneumonia — on Fri-day. In May, Mr. Tomachinsky was

charged with anti-Soviet slander,

apparently for allegedly presenting the KGB in a bad light. That case had yet to come to trial.

Both the nuclear agency and the

Veterans asked veterans who had served in Hiroshima or Nagasaki to provide their names and their. health status. More than 1,100 veterans responded. From these lists, the panel confirmed that nine of the veterans had developed multiple myeloma. Using what it called "reasonable

assumptions," the panel concluded that the number of bone cancer cases reported by the veterans was smaller than would ordinarily be expected in a similar group of civilians. The panel estimated that 9 to 29 cases of multiple myeloma would ordinarily be expected in a population comparable to the 20,000 troops who served near Nagasaki, whereas only 5 cases were confirmed among the 1,100 veterans who submitted their

Similar estimates could not be made for Hiroshima veterans because no reliable estimates of the number of troops who served there are available, the panel said. There were four confirmed cases of multiple myeloma among the Hiroshima veterans who submitted their

The panel acknowledged that "it is quite possible that not every case of multiple myeloma has been identified."





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Studds, but Not Crane, Is Expected to Survive U.S. House Sex Scandal

By Sandra Evans Teeley

and Joe Pichirallo Washington Post Service WASHINGTON - Massachnsetts Democrats are predicting that

Representative Gerry E. Studds's political career may survive last week's disclosure that he had a homosexual encounter with a House page in 1973, while Illinois politi-cians are more pessimistic about the fate of Representative Daniel B. Crane, the Illinois Republican who has admitted having a sexual relationship with a 17-year-old female page in 1980.

Mr. Studds and Mr. Crane both 4 = = = = have told reporters that they do not - - - LEVE plan to resign their House seats because of the incidents. A vote is scheduled for Tuesday

on the House floor on a recommendation by the House Ethics Committee that both be reprimanded, the lightest punishment the panel can request for misconduct by a

The ethics committee also alleged that James Howarth, who until last December was in charge of overseeing House pages, engaged in sexual relations with a female page in 1980 and may have bought cocaine on the House floor. Mr. Howarth has challenged the allega-

Crete Harvey, an Illinois Republican national committeewoman who was asked about Mr. Crane's his constituents will vote for him."

This is a very, very conservative area," said Robert S. Redfern, the Republican chairman in Mr. Crane's district. "Something like this would have a drastic effect on anybody....People don't approve

In Mr. Studds' district, Democratic Party leaders said the consman will be damaged by the ethics committee report, but several cautiously predicted it would not be politically fatal to him.

"The congressman has a unique degree of support in the congressio-nal district," said Mardee Kifaras, Massachusetts Democratic namer staff aide to Mr. Studds. "Most of the people I have talked to today think he will be evaluated on his

congressional record. ... Hopefully, he will serve us for many years to come."

"I don't think it is for me to judge his personal life," said Mayor Brian J. Lawler of New Bedford. "He has done a good job represent-ing the area in Congress. To what extent this will hurt him, only time will tell."

However, some local Republicans and one of the district's most influential newspapers, The Quin-cy Patriot-Ledger, called for Mr. Studds's resignation.

The chairman of the Massachuetts Republican Party, Andrew Natsios, issued a statement calling for new elections in Mr. Studds district, saying that "it is not a question of sexual preference, which is his own private business, but the deplorable lack of good judgment shown in getting in-volved and attempting involvement with individuals who are both minors and employees."

The offices of both Mr. Crane and Mr. Studds reported that the calls to their district and Washington offices were overwhelmingly favorable, with few calls for either

apologized for a remark he made on Thursday that "there would be regretted the "intemperate" remark and that the investigation had vin-

Daniel Crane apologized to his constituents Saturday for his secu-al relationship with the teen-aged congressional page, United Press International reported from Dan-

Mr. Crane, with his 3-year-old daughter, one of his six children, in his arms and his wife of 13 years at his side, asked "God's forgiveness admitting the relationship.

Choking back tears and speaking haltingly, Mr. Crane, 47, read a statement saying, "I didn't want to bring pain to my wife and family, which I have done. I know I did



Representative Daniel B. Crane, with his daughter, Heidi, and his wife, Judy, speaking with reporters in Danville, Illinois, about his affair with a teen-age congressional page in 1980.

Eddie Foy Jr., a Child of Vaudeville On Friday, Mr. Crane's press Who Later Made Movies, Dies at 78 secretary, William J. Mencarow Jr.,

New York Times Service and siblings in an act called "Eddie Foy and the Seven Little Poys" and who continued as a song-and dance man in dozens of musical plays and movies, died of cancer Friday in Woodland Hills, California. He lived in Las Vegas.

Mr. Foy began crisscrossing the country on the vandeville circuit at the age of 5 with his father, four brothers and two sisters, along with

In later decades, the nibber-faced, loose-limbed performer successes in vandeville at New York's Palace Theater, in 1927; in Jerome Kem's "Cat and the Fiddle," in 1931; in a revival of Victor Herbert's "Red Mill," in 1945; in "The Pajama Game," in 1954; and in "Donnybrook!" in

film roles were his portrayals of his Alfred Thornton Baker no Congress" if all congressmen NEW YORK — Eddie Foy Jr., father in a half-dozen movies, inwho stept with young women had 78, the vaudevillian who toured for chuding "Yankee Doodle Dandy" to resign. He said Friday that he more than a decade with his father in 1942 and "Wilson" in 1944.

Aftered Thornton Baker
NEW YORK (AP) — Alfred
Thornton Baker, 68, a senior editor in 1942 and "Wilson" in 1944. He also appeared in many televi-sion comedies.

MOGADISHU, Somalia (UPI) Michel Micombero, 43, the former president of Burundi, died here Saturday, the state-run Somali news agency reported. Mr. Micombero, who had been hospitalized 11 days earlier for a heart attack, had lived in Mogadishu since his ouster

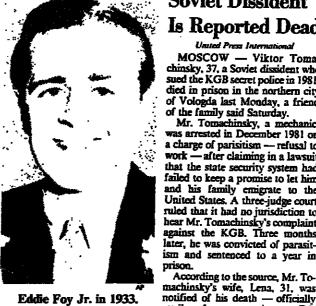
in a military coup in 1976. Mr. Micombero, who achieved the rank of lieutenant general in the Burundi Army before his ouster and exile, graduated from the University of Somalia last year with a degree in economics. President Mohammed Siad Barre of Somalia declared a three-day official mourning period for Mr. Micombero, who was his close friend.

at Time magazine for nearly 30

ears, died of cancer Friday in A graduate of Princeton Univerbe wrote many cover articles for Time, principally on politics, foreign affairs, art and literature. Mr. Baker worked for Newsweek

during World War II. Sergei Shlibashvili EDMONTON, Alberta (UPI) -Sergei Shlibashvili, 21, a three-time Soviet diving champion, died Sat-urday, a week after cracking his skull on a concrete platform while competing at the World University

Mr. Shlibashvili, from the Soviet republic of Georgia, never regained consciousness after the accident.



Eddie Foy Jr. in 1933.

five divers in the Soviet Union. He was coached by Vladimir Vassin, the 1972 Olympic diving champion, and his widowed mother.

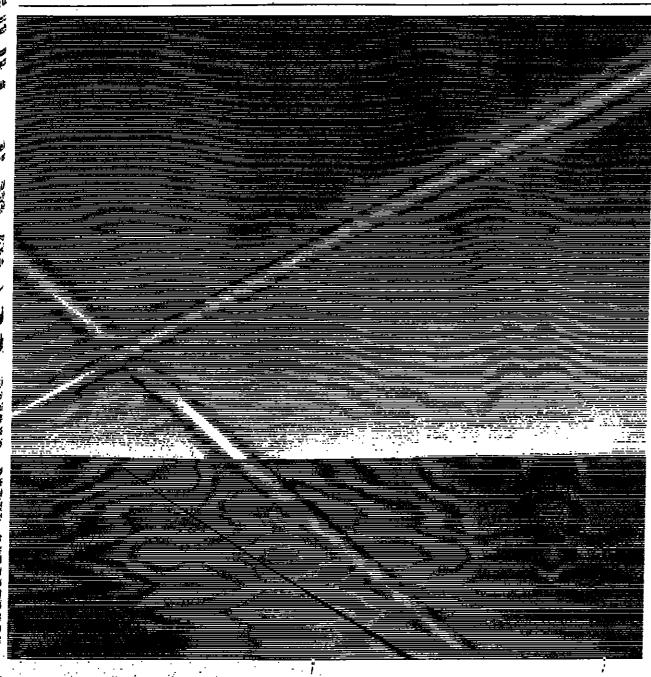
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More Economic Games

The players have been shuffled but the economic policy games go on — especially the M-games. Liberal economists, newly allied with White House pragmatists, want the Fedderal Reserve to encourage recovery by letting the money supply, as recorded in M-1, its most basic measure, grow faster than planned. They point out that M-2, an alternative measure of money, is well within the target range.

On the other side are orthodox monetarists. allied with Wall Street conservatives, who plead for caution. Better a slow recovery, they say, than having to cope again with inflation.
Liberals have the edge in this narrow debate. With so much excess productive capacity in the economy and real interest rates at record levels, inflation is not yet a serious threat. What neither side acknowledges is the harsh truth that, no matter how achieved, growth

contains the seeds of its own destruction. Judging by American economic performance in the last 15 years, it has become virtually impossible to sustain both growth and stable prices. Unless the country begins to deal with the fundamental causes of stagila-tion — the failure of prices to go down even in stagnant years — every path to recovery will also be a path to more inflation.

Washington breathed a sigh of relief when Paul Volcker, the chairman of the Federal Reserve, clamped on the credit brakes in 1979.
Most economists and politicians understood that monetary austerity would greatly reduce employment and output, but they were willing to pay the price because the political system had frustrated every other attempt to break

the inflationary spiral.

Now that the inevitable recovery has begun, many of these same experts and politicians find it convenient to pretend that a new day

has dawned. They spread the idea that some clever combination of fiscal and monetary policies will allow the United States to reduce inemployment to acceptable levels without again triggering inflation. But since the '60s, each cycle of inflation and recession seems to have left the economy more susceptible to

inflationary pressures, not less.
Conservatives argue, correctly, that more rigorous competition could make high growth and high employment compatible with stable prices. They thus want to reduce union power in concentrated industries and to end anti-competitive subsidies to and regulations over business. But resistance is fierce. The Reagan administration can barely resist further encroachments on competition, such as higher price supports for farmers and trade protec-

tion for the auto industry.

Absent more competition, the liberal alternative is some sort of "incomes policy" —
preferably tax incentives that would punish both business and labor for inflationary wage settlements that drive up prices and invite still settlements that drive up prices and nivite shill higher wages. Reaganites reject such "interference" with wages and prices, apparently on ideological grounds. Big labor is equally offended, fearing a loss of bargaining power.

There is, plainly, no mandate for reform, liberal or conservative, and in these circumstances the politician's instinct is to ignore the

need for fundamental change until the next election, or until the one after that.

The inflation fever may not return until after the 1984 voting, but if the lessons of recent history continue to be ignored it will surely return, perhaps more terribly than before. And the recession needed to cool that fever will be more terrible still.

— THE NEW YORK TIMES.



So Eagerly Running

Most of the candidates for the Democratic presidential nomination have been crisscrossing the country speaking to organizations that are likely to be powers at the party's national convention next year. All six prepared 10minute videotapes for delegates to the conven-tion of the National Education Association in Detroit. Five went to Detroit to speak before the League of United Latin American Citizens. The same five were then off to San Antonio for the National Women's Political

Caucus, and the touring continues.

At each stop, each of the candidates seems to perform a little ritual. First comes demunciation of the Reagan administration and all its diabolical works. Then comes endorsement of just about every plank in the host organization's platform. That is accompanied by an effort to convince the audience that the candidate is sympathetic not only in his views but also in his choice of words. (John Glenn got in trouble with the women's cancus for using form "husband and wife.")

There is something a little disturbing about this spectacle of candidates trying to convince diverse groups of their orthodoxy. The groups are seeking clues as to whether the candidates,

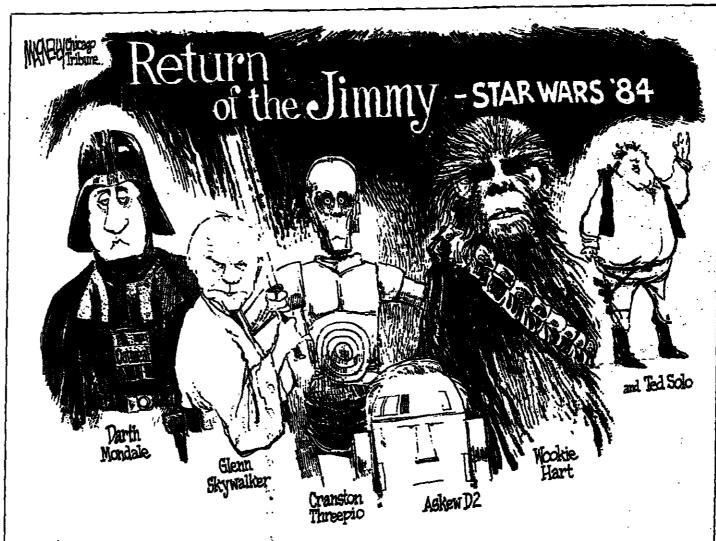
in their hearts, feel as strongly as the groups do about their particular issues. But that is better determined by scrutiny of a candidate's career.

The candidates, in trying to please or avoid displeasing the groups, may find themselves endorsing positions that will make campaigning more difficult if they are nominated and governing more difficult if they are elected. And they may end up ceding to groups the most important power a candidate has; that of framing the issues. Instead of using this early stage of their campaigns to articulate their idea of where America should move and what govemment should do, they are trying to prove their adherence to others' positions and orthodoxies. But activists do not always reflect the views of those they purport to represent, much less those of voters or citizens generally.

Ronald Reagan won the 1980 election in

large part because he articulated such a general vision; it was Jimmy Carter who was reduced to appealing to the separate concerns of varcrats should pay some attention to the groups they have been appearing before. But they do a disservice to their campaigns if they let those groups set the agenda.

-- THE WASHINGTON POST.



Here Come the All-Purpose Alternatives

WASHINGTON — The race for the Demo-veratic Party's presidential nomination has barely started and already the danger of wretched excess is evident. Every time the Democratic candidates get together to woo a particular constituency, they egg each other on to make more and more outlandish promises. It started in Sacramento, California, in Jan-

uary. Competition for cheers from the "nuclear freeze" crowd at the party's state convention drove Senators Alan Cranston and Gary Hart and former Vice President Walter Mondale to debate the speed with which each would move to seek out Yuri Andropov for arms negotiations. One said he would be in Geneva to open the talks the day after he was sworn in; another said he would pick up the "hot line" to Moscow the very

night he was inaugurated; and so on.

Next it was the bidding for the support of the teachers at the convention of the National the teachers at the convention of the National Education Association in Philadelphia, where a dark horse, Senator Ernest F. Hollings, trumped everybody by pledging \$14 billion a year of new federal aid, including a minimum \$5,000-a-year pay raise for every teacher.

The whole teacher.

Then the tour went to San Antonio, Texas, for the National Women's Political Caucus, and the question was how far each would go in pledging to work for enactment of the Equal Rights Amendment the next time around.

Reubin Askew, the former governor of Florida. Was absent, as usual.

Senator John Glenn, as usual, was restrained: He said he would "use the full power of the presidency to get that amendment passed by the Congress and ratified by the states," but he By David S. Broder

made clear that he would stop at exhortation. Senator Hollings, as usual, was colorful and expansive. "Td be an LBJ," he said. "Td give a little and take a little, and we'd swap around and have that thing passed in a year's time."

Former Vice President Mondale was a bit

wordier, but the message was the same. "I will do what's necessary to re-propose and ratify the Equal Rights Amendment," he said. "A president can be very influential... I have worked in the White House... and you find that people come from all over the country wa something, and as president I'll say, I'll help you reach an honorable objective if you'll go back to your state and deliver for the ratification

of the Equal Rights Amendment.' of the Equal Rights Amendment."

Senator Cranston was even more explicit. "I will lobby and lead," he said. "I will use the leverage of the federal government." And then, referring to concrete punishments and rewards for state legislators, he added, "If I am president, the Equal Rights Amendment would not fail for lack of a bridge or transportation project."

Said Senater Heat port to be guitdene. "The

Said Senator Hart, not to be outdone: The power of the presidency has not been used to the extent it can to achieve ratification. I think it extends not only to bringing normal political pressure to bear on members of the president's federal projects to be used to bring around people who are on the fence on that or whose support is at least lukewarm."

Well, the Constitution gives the president no

direct role in the amending process, which is the province of Congress and the state legislatures. Walter Dellinger, a Duke University law professor who is an authority on that process, says that while examples abound of "wheeling and dealing" in the legislatures and Congress on constitu-tional amendments, he knows of only one case in which Washington used its "coercive powers" to

secure ratification of amendments.

That was after the Civil War when Congress required the former Confederate states to ratify the 14th and 15th amendments as a condition for regaining their standing in the Union and their representation in Congress. "As a condition for a treaty of peace to end a bloody war," Professor Dellinger said, "it may well be defensible, but not as a precedent in any other circumstance."

not as a precedent in any other circumstance.

But here are four men seeking the presidency who imply or baidly state that they would use the powers of that office not just to urge but to induce the state legislatures to change the fundamental charter of the country.

As a supporter of the Equal Rights Amendment, I have to wonder what that says about their confidence in the presidence in the presidence.

their confidence in the merits of the proposal. As a citizen, I have to wonder about their understanding of the proper relationship between national and state governments in the American system of federalism. As a journalist who lived through the Watergate erz, I have to wonder what they learned about restraint on presidential election. I have to wonder what, if anything, some of these men would not promise in order to gain the prize of the presidency. The Washington Post.

The Pope, The Poles And Jews

By Leopold Unger

BRUSSELS—It lasted only a few seconds and the international press must have been looking the other way. It was just a few seconds of silence that bore a burden of 10 centuries: Pope John Paul II stopped at the monument to the heroes of the Warsaw Ghetto, knelt down, shat his eyes and bent his head in prayer.

The pope's silence spoke for 1,000 years of common history shared by Poles and Jews between the Baltic and the Carpathian Mountains. It is a complex story that includes periods of telegraps and the specific complex story that includes periods of tolerance — when Jews expelled from Western Europe could find a haven near the Vistula — and much longer periods when the Roman Catholic Church preached against the "God-killing" Jewish people.

Despite numerous acts of great courage during the Nazi occupation, when thousands of Poles risked and lost their lives to help leave the Holo.

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lost their lives to help Jews, the Holocaust seemed not to have altered the traditional anti-Semitism of many Polish Catholics. The presence of Jews among the new Communist rulers gave ammunition to some in the church and to nationalistic politicians to argue that the new system

imposed on the nation was foreign. The church had its tradition, and the pogroun of Kielce in 1946 - the last pogrom recorded in Europe --did not alter the church's stand. Nor did anti-Semitic purges organized by the Communist government.

Two developments have brought a change. The first was the short but comageous life of Solidarity. The church saw that when the Commu-nist government attacked Jews, it was really aiming at the Polish people.

To compromise Solidarity, a move-ment essentially Catholic, the police and the party made a point of alleg-ing the Jewish origin (sometimes true, sometimes not) of Solidarity mil-tants. On the day of the military partsch, Dec. 13, 1981, the first commentaries by Warsaw Radio justified the military takeover by decrying the number of Jews in Solidarity.

The second development that transformed the Polish church was the election of Cardinal Karol Wojtyle as pope. Contrary to rumors at the start of his reign, his attitude toward Jews owes little to the unfor-tunate tradition of the Polish church.

His humanism was well known, and there was susprise when he failed to visit the Warsaw Ghetto during his first trip to Poland in 1979. Vatican officials said the Polish government refused to include the ghetto on the papal program. But this year John Paul II was not deterred.

The image of the pope kneeling in front of the monument in the ancient Jewish ghetto will be one of the brightest in the commemoration of the 40th anniversary of the ghetto uprising. It is also a sign that the military rulers have failed in trying to control the commemoration.

The pope's gesture in effect sup-ported the position of Marek Edelnan, a surviving leader of the ghetto uprising, who has refused to take part in the commemoration ceremonies

organized by the military.

"Forty years ago." Mr. Edelman said in an interview, "we fought not only for our lives but to live in digmity. Participating in the ceremonies with the military rulers this year would be an act of cynicism."

The pope's minute of silence was a esture of reconciliation between lews who died in dignity and Poles who want to live in dignity, and a statement that this reconciliation cannot take place with the dictatorship but only against it.

At the ghetto monument, the pope declared to the Polish people that what matters is not the "Catholic blood" or "Jewish blood" that flows in the veins of Poles, but the fact that this blood has been and continues to be shed for the same goal - dignity.

International Herald Tribute.

Letters intended for publication should be addressed to the editor and contain the writer's signature, name and address. Brief letters receive priority, and letters may be abridged. We cannot acknowledge all letters, but we value the views of the readers who submit them.

Nay to the Hangman

FROM OUR JULY 18 PAGES, 75 AND 50 YEARS AGO

INTERNATIONAL HERALD TRIBUNE

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Executive Editor

Editor

RENE BONDY

FRANCOIS DESMAISONS

majority support for capital punishment, especially as a penalty for terrorism. Yet only hours after Irish terrorists killed four militiamen, the House of Commons overwhelmingly rejected a return to hanging. Why?

Debate matters. It is one thing to give a snap response to a poll question but quite another to weigh the moral, legal and political implications of judicial killing. Among advanced industrial nations capital punishment survives only in the United States, South Africa, Japan and the Soviet Union. So there is ample experience as to whether eliminating the death penalty weakens law enforcement. In America, after the penalty had been effectively dropped in the 1960s, 38 states

reimposed it in the 1970s. There have been 1,154 death senetneces in recent years, yet violent crime has increased. Some would say it is because only seven persons have actually been executed. But the number of executions will never be very large. Americans approve of official killing in

theory but hesitate in practice. They want no mistakes. They want all mitigating factors ex-plored. They don't really believe that a dozen more executions would deter murder. So they provide for endless appeals, an ordeal that adds to the cruelty of a brutal punishment. What about terrorists? Since the British

abolished hanging in 1965, the sectarian butchery in Northern Ireland has claimed 2,300 lives. But the rope is no answer for killers

1908: Tug-of-War Canses Dispute

LONDON - While the athletes from the

United States have won several firsts in the

Olympic heats, any elation was quite over-

shadowed by the indignation that was generat-

ed by the outcome of the first heat in the tug-

of-war. In that event eight stalwart Americans

competed with eight men from the police force

of Liverpool, and were easily pulled across the

line. It is easy to imagine how the Americans

could have been outpulled fairly and squarely,

as none of them really know anything about a

tug-of-war, while the teams selected to repre-

sent England were veterans at the game. But

when the manager of the American team ex-

them to be fitted with sharp steel plates that

were almost the equivalent of spikes.

PHILIP M FOISIE

SAMUEL ART

WALTER WELLS ROBERT K. McCABI:

amined the shoes of the British team, he found

who are prepared to die for a cause. So believes James Prior, the British minister responsible for Northern Ireland, and his opinion carried great weight with Parliament

Indeed, for Irish Republican Army gunmen martyrdom is a weapon. Their heroes are the Easter rebels executed by the British in 1916. They scorn treatment as ordinary criminals; 10 IRA prisoners inflicted capital punishment on themselves in 1981 because they did not re-ceive special status as political offenders. It would be a favor to their movement to treat their crimes differently from common murder.

In Northern Ireland, moreever, as a result of the violence, trial by jury has been suspended. So judges alone, sitting in special courts, would have to order any death sentences. And since most IRA gummen have dual British and Irish citizenship, executing them would embroil Britain in furious arguments with the Irish

Republic and human rights groups.

Weighing those and other arguments, a Parliament with a 144-vote Conservative majority said no to the hangman. So would most people if they troubled to consider the matter carefully. Poll results favoring capital punishment

measure emotion, not reason or information.

Taking a life for a life is illusory deterrence and primitive morality. What was said in Britain by Enoch Powell applies as well in every country: A penalty that doesn't deter, he said, is "an avoidable brutality that brutalizes the society that inflicts it."

1933: French Socialists to Split?

PARIS - The French Socialist Party, the only

important section of international Socialist

left on the European Continent, appeared to

be heading for a split when the annual conven-

tion of the party failed to heal the breach

between the left-wing majority and the right-wing minority. The convention was called

upon to decide whether to censure the conduct

of about half of the Socialist deputies, who

have taken it upon themselves to support the

government even on issues opposed to the

party's doctrines and programs. The arguments of the minority have generally been

drawn from the fact that, without the full

Socialist vote, the Radical government would

be overthrown and the door would be opened

Deputy Published Director of Circulation

for a government of "conservative reaction."

--- THE NEW YORK TIMES.

The Bomb and the Lesser Powers: Lesser Evil?

BREST, France — The argument can be made that, while it is bad for big countries to have nuclear weagood for small countries to have nu-clear weapons, too. This goes against the conventional wisdom of nuclear nonproliferation, but the conven-

tional wisdom is often wrong Clearly, everyone would be better off if these weapons had never been invented. They are disproportionate to reasonable uses. They are a costly, frightful, intellectually unassimilable, morally untamable component in the armaments of nations.

A general in the British army is supposed to have said in November 1918, "Thank God, now we can get back to real soldiering." It was not a foolish remark. In the same way, nuclear weapons make real war impossible — serious warfare, which means limited warfare waged to achieve politically valid objectives.

By William Pfaff benefit since 1945. There have been pons, so long as they have them it is several crises between the superpowers which in another day might have provoked a war. The archduke, so to speak, has been assassinated more than once since 1945. No war has taken place between major powers, not only because their populations recoil from the idea but because the existence of nuclear deterrent systems has made it too dangerous to begin something that might

slip catastrophically out of control. But the superpowers have not stopped with simple deterrence. They have tried to find "usable" nuclear systems and "extendable" (i.e., to allies) deterrents. Thus NATO committed itself to the threat of nuclear first use in the 1950s, and to "flexible response" in the 1960s, while the Soviet Union has produced a doctrine of nuclear war-fighting and war-win-This has been proved to the general ming, and is committed to the idea.

The Bomb: For Argentina The Option Stays Open By Daniel Poneman

CAMBRIDGE, Massachusetts — Shrewd policy may enable Argentina to acquire a nuclear arsenal without breaking its international agreements. It now enjoys the best of both worlds, obtaining extensive for-eign support for its civil nuclear program without compromising its military options. Once other nations are not needed, they will have lost valuable leverage for deterring production of the bomb.

Argentine nuclear strategy has long been driven by a quest for inde-pendence. Its National Atomic Energy Commission has trained thousands of technicians and assimilated extensive foreign technology. In ne-gotiating with suppliers, it has paid a premium to reduce the strings attached to imported technology.

A plutonium reprocessing plant is near completion and a large research reactor has been planned. In a few years these facilities could produce enough platonium to make perhaps one nuclear weapon a year.

The government deplores anti-proliferation accords as hypocritical efforts "to disarm the unarmed" while perpetuating the global hegemony of the nuclear-weapon states. Lost Western dominance in nucle-

ar trade heightens the danger. From Moscow Argentina has purchased fuel-production equipment, heavy water and 20-percent enriched uranium. The president of the Atomic Energy Commission. Carlos Castro Madero, has admitted that Beijing at one point agreed to sell similarly enriched uranium; Argentina's fi-

nancial troubles stalled the deal. Fortunately the Argentines are not now single-mindedly bent on acquiring nuclear weapons. Every commission leader since 1950 has avowed peaceful intentions. (After the Falk-lands defeat, Mr. Castro Madero emptily threatened to build a nuclear submarine rather than a cheaper, simpler nuclear weapon. That satisfied domestic pressure for a nuclear response, without jeopardizing for-eign help.) But that could be changed by political upheaval, perhaps initiated by this October's elections. The commission, purged after both

of the last two changes of regime, could be coerced into using its longaccumulated nuclear expertise and unsafeguarded fuel facilities to build nuclear weapons. The military could surely find a way to deliver them.

Foreign nuclear leverage would disappear just when needed most when Argentina overcame the techni-cal dependence that so far has helped prevent acquisition or testing of nuclear arms. While time remains, nuclear suppliers should insist that Argentina accept some comprehensive nonproliferation commitment as a condition for continued assistance. Only then will Buenos Aires be gotiations is evidence of how seriousforced to choose between nuclear. ly they are taken in Moscow,

power and nuclear weapons. The writer, a research fellow at Harvard University's Center for Science and International Affairs, is author of "Nuclear Power in the Developing World." He contributed this comment to The New York Times

litan France itself in any attempted that nuclear weapons cannot be ex-cluded from a war in Europe. disarming strike (itself a deterrent factor), and airborne and tactical sys-The result has been steadily larger tems to permit a French government and more complex nuclear systems, but a diminished popular sense of to signal the seriousness of its intention to defend the parional territory. The French force is carefully

thought out, technically sophisticated, intelligently commanded and of high morale — as evidenced by con-U.S. nuclear systems tend no longer to reassure Americans, or the allied publics, but to disturb them, contributing to a sense of continversations with commanders and gency and vulnerability. That is why the peace movement has again bestaff at the submarine component's headquarters in Brest. It attempts to come an important factor in West do no more than protect France.

The British and French nuclear Enropean and U.S. affairs.

The peace activists' remedies to the

forces increase the security of Europe (and indeed of the United States) situation may be politically unsophisticated, credulous with respect to Soviet policy, or willfully indifferent to cause they increase the complexity of Soviet strategic calculations. They are the ultimate security of Britain historical evidence in presuming that and France. Given that a return to unilateral Western measures of arms reduction would be reciprocated by nuclear innocence, to a disammed world, is beyond possibility, it is Moscow. Never mind. They seem to offer the possibility of constructive arguable that the road toward security (a goal which will never be action to millions of people who are deeply and justifiably distressed. reached) is to so generalize national Among Americans professionally nuclear systems as to make the active threat, or the use, of nuclear weapons impossibly risky. The British and French deterrents point that way. It

engaged in strategic analysis and arms control, it is usually taken for granted that the superpowers can be counted upon to act responsibly, since so much is at stake for them if they err. It is supposedly another matter for the smaller states. Admittedly, the prospect of

security, at least in the West.

Libya's Colonel Qadhafi or the late Emperor Bokassa of Central Africa possessing a nuclear bomb is pretty frightening. But in the historical record national size has not equaled responsibility, and the leaders of small countries have rather more rea-SOD to fear the consequences of war than those of the great nations, which have elaborate defensive as well as deterrent preparations.

The government of a small country cannot seriously expect nuclear weapons to serve it as more than a deterrent or a defense in extremit. It is difficult to write the scenario by which South Africa, Israel, India or Pakistan profitably makes use of nuclear weapons in other than the deterrent-defensive-retaliatory mode, re-

sponding to mortal threat. Small power systems are of their nature passive and reactive. They thus tend to be stabilizing rather than destabilizing. They add to the problems of the major powers, contributing to the complexity of calculation required of anyone contemplating the aggressive use of nuclear threats. The Soviet Union's current insistence that French and British deterrents be included in medium-range missile ne-

Because they are deterrent they are inherently limited. Britain's govern-ment finds that a small submarine missile force is sufficient to the country's needs. The French nuclear force is larger, but fundamentally simple: a secure submarine force, a small land-based missile force which

Letter: Music and Home

From Andrea Dori Sippel in Florence HAD been away, and when I back to Benvennto Cellini one rea-

returned to Florence someone I lizes that artists and craftsmen of-was talking to in a cafe told me you had published my letter to you about Jorge Risi, the violinist who shall be sending the clipping to Risi and company in Mexico and saying, "Quendos! The grings violists has not forcested and another sending the musicians established a solidarity among themselves somewhere between the Beethament of the senting of liste has not forgotten and is trying, in her own way, to do somethin

is not a very inviting route, but it may

International Herald Tribune

prove the best we have.

I lived for four years in Mexico and worked in the Mexico City Orchestra that was started by Mrs. Lopez Portillo in 1978. I doubt that an orchestra like that one had existed before or will again. It was one-third Mexicans and Latin American exiles (including Risi, the concertmenter), one-third North Americans and one-third East Europeans (Russians, Bulgar-ians, Poles) with visas allowing them to work abroad. Our com-

with all imaginable accents. As the pet project of Mexico's Mexico. Was it so strange that Mexico's premier orchestra should be two-thirds foreign? If one harks

anthem. What with the musicismoand our human juxtaposition in contexts around the world, I learned a great deal about politics. freedom, music and, mostly, people - so much, in fact, that I marvel in hindsight at the privilege. As an American I don't know how to go about working toward awakening my countrymen to the world of fellow human beings

beyond the frontiers. As a unusician I deal mostly with musicians and musicians don't mon language was Spanish spoken really care about much except, 287. what the Florentine air is do the varnish on their fiddles or to Schora Presidente, we were sent their vocal curds. As an American around the world to play for heads musician, I don't really want to go of state in the most renowned con-home just now. Sail, it continues cert halls as ambassadors from to grieve me that Jurge Risi wants

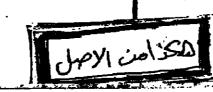
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to go home and can't. More letters. Page 5.

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Helen, left, a friend and their children prepare an evening meal in the village of Oloeseos.

In the Dark of an Uncharted Village, Kenya's Success Story Seems Remote

By Alan Cowell

Service Te R New York Times Service OLOESEOS, Kenya - The average Kenyan, according to the World Bank's figures, can expect to live 55 years and be valued, in terms of gross national product, at

\$380 a year. In contrast with 20 years ago, twice as many Kenyans live in cities, twice as many go to school and more than twice as many can read and write. Only half as many children die before the age of 4; the

population soars. The figures are not posted here, in this village on a bald hill at the lip of Africa's Rift Valley, but the life of the people provides its own counterpoint to what, compared with other African countries, might be called a statistical success story.

Oloeseos is no more than a scattered collection of huts and fenced areas where hedges guard meager privacy. Com grows in patches. and goats and cows graze, tended

At evening, on the ridge that slides down from the Ngong Hills, the lights of Nairobi twinkle 15 unbridgeable miles (24 kilometers) to the east. To the west there is only the somber plunge of the Rift Val-ley, harsh and thorny.

A traveler might not find this place easily; it is on no chart or

But a marooned traveler, perhaps someone whose motorcycle has broken down among herds of gazelles and thickets of thorn, making the youngest child's har-might stop here and glimpse, for a rowing cough more harrowing.

from Kenya's capital. encounter on the road to Oloeseos encounter on the road to Utoeseos with a man of the Masai tribe, Tops 10% of GNP nant here, clad in a scant scar let robe, carrying a spear that seems

of infinitely greater worth than the traveler's crippled motorcycle. The outsider might be carrying packets of tea and sugar, in case offerings are required, and the Massi man will take what is given, but a second to thanks. Such acknowless. The figure represents 10.5 edgment of common belonging cannot be bought so quickly with such tawdry goods. The Massi, the man is saying with his silence, were here before the foreigner, and will

That seems less sure as the journey progresses in the heat, under skies clear and blue, where eagles soar. For many Massi have taken to the city.

The plains, on the valley's lip, are endless, but not the daylight. There are no streetlights to herald the traveler's tired entry into Oloeseos,

22 Die in Philippines Storm

The Associated Press to hit the Philippines after eight months of drought, relief agencies reported Saturday.

Killings in Java

only children, amused by the Here there is nothing to hold a ruined totem of modernity the out- man, no lights or bars or adventrack, cursing as if it were a recalci-

"Is there a car here?" he asks. ."There is no car," say the children, shy, shuffling their feet, a little bewildered by the preposter-

"How far is the main road?" "Not far." They gesture over a distant hill, already indistinct in the

twilight. "Where can I leave this machine while I walk?"

Much discussion, for this is an issue of responsibility, laden with "Here, you can leave it here." It

is the oldest boy, suddenly assuming manliness. There are no men here. There is in the collection of buts where the broken machine is to be stored only woman cailed Helen and her friend and their many children,

nervous at the intrusion. The men are probably in Nairobi, working as night security guards, the elongated earlobes of their tribal custom at odds with the Gilbert and Sullivan uniform supplied by the guard services that

protect the bomes of the wealthy. Here there is only the dark and cold wind and the cluster of warmth and talk around a cooking fire, filling the but with smoke an

The odyssey might begin with an U.S. Medical Bill For First Time

percent of the gross national prod-uct, the highest share ever.

The 1982 figures showed that government spending — federal, state and local — accounted for 42 percent of the national health bill. Three-quarters of that came from the federal government, mainly for Medicare and Medicaid, health

MANII.A.—Twenty-two people was about twice the general rate of outsider who, on arriving home, were killed and thousands of others inflation. The new figures, still unleft homeless by the first typhoon published, are certain to lend unstower and hi-fi and take a shower in

sider pushes before him in the dirt tures or money, none of the enticements of the city.

The roof of the hut is of corru-

gated iron, not straw, a sign of But the life within is the same as

in many parts of Africa, where the luxuries taken for granted in the West do not obtain: there is no transport, save for walking; no means to defy the dusk with artifical light or to force the crops to come forth before their season. There is no water from a fancet, no medicine strong enough to stop the child's hollow cough, no telephone

to ease the loneliness and isolation. The people here do not give their hildren permanent names until they are sure they will survive, so frail is the belief in life's trustworss. There may be a church in a shack on a hill, but the spirits still stalk the dark plains.

Kenya is not one of Africa's poorer countries, but development has not yet been sufficient to eradicate the burdens that dominate the continent - the rush to the cities. the drudgery of a life filled with the menial tasks necessary for survival. The water must be carried, the crops grown, the wood collected for the fire. The outsider is suffused here personal will is not as enforceable as in the West.

Then, by one of the strokes of fortune that Africa produces, a car is found a little way down the road in another village, a kind of bush taxi called a matatu. Negotiations begin between the

traveler and the owner. A deal

seems to be struck, after listless bargaining, but then a woman, not apparently a party to the contract. intervenes, demands a higher price. The traveler, frustrated and no longer fearful of accusations of tribalism, demands to know of the Masai driver: "Are you Masai or

The Massi, who herd cattle, carry spears and circumcise their women, regard themselves as supe-rior to the Kikuyu, Kenya's largest tribe, but the Kikuyu are the entre-

In 1981, medical costs were 9.8 "I am Masai," he proclaims, percent of GNP; in 1965, the figure proud enough in his affirmation to accept the outsider's price for the rental of his car. "But," he adds, with a shrug at his powerlessness in these particular circumstances, "she is Kikuyu."

veigh against it, but here tribe is a power and a force.

poor.

Mhen the deal is done, the broken motorcycle is loaded and with much lurching pushing inexplication of the health costs themselves, and the remaining quarter came from private health insurance.

The increase in medical costs was about twice the search of the se gency to efforts to curb health-care the knowledge that, in Oloeseos, costs to hold down the federal budset and inflation. the knowledge that, in Oloeseos, such things are only for the realms of fantasy.

Sihanouk Moderates His Anti-Vietnamese Stand

Exiled Leader Is Thought to Fear Chinese Move to Install Pol Pot in Cambodia

By Colin Campbell

New York Times Service BANGKOK - The Vietnamese call him a has-been, and he has held no power inside Cambodia for 13 years. But Prince Norodom Sihanouk, now 60 years old, keeps springing back from oblivion.

For the past year he has been president of the exiled coalition government of Democratic Kampuchea, which the United Nations recognizes as Cambodia's sole authority. Over the past couple of months, moreover, he has been voicing a new idea that some consider scandalous.

He has been telling people, not very privately, that his own antietnamese coalition — armed by China and greatly aided by the noncommunist Association of Southeast Asian Nations - has become too crudely anti-Vietnamese. Independent as ever, Prince Sihanouk has been saying the international campaign to save Cambodia from Vietnam may be on a futile,

dangerous course.

What has made Prince Sihanouk an important figure in Southeast Asia since 1941, when Cambodia's French colonial masters pulled him out of high school and named him

First, he is forgiving to a fault. When tossed from power he finds powerful friends. Second, his legitiacy as a leader far outstripped macy as a leader far outstripped that of his successors: He was Cambodia's traditional "god-king once, with much magic over the peasantry, and he was freely elected prime minister. Third, in foreign

affairs he had a realistic bent. The two leaders who followed him - Lon Nol, a rightist mystic, and Pol Pot, a fanatical Maoist both fantasized, as Prince Sihanouk never did, that little Cambodia might vanquish Vietnam. The chief in Phnom Penh now, Heng Samrin, is Vietnam's creature.

Prince Sihanouk's worst eneties, who consider him vain and irresponsible, acknowledge his shrewdness in identifying Cambodian independence and neutrality with himself. But his shrewdness has often failed.

Furious at his overthrow in 1970 by pro-American generals, he imtely joined forces with Cambodia's Communist insurgents. His speeches and prestige helped them grow, and they seized Phnom Penh years later. He became president for a year in Pol Pot's govern-

But soon he lost even the title and became a captive; more than a dozen of his relatives died in the meral slaughter. By the time Prince Sihanouk flew off to China - a few days before the Vietnamese entered Phnom Penh on Jan. 7, 1979 - his political career seemed broken and dirtied beyond repair.

Yet he took up the war of words against Vietnam and condemned Pol Pot. He urged the United Nation became a lonely one. Pol Pot's deposed government held its seat in the Gene eral Assembly, maintained its armed presence inside Cambo-dia and lacked nothing but respectability and a country.

A year ago, the prince was per-suaded to join forces with those he had recently said were "fighting to

U.S. Says Paisley Can Visit College

WASHINGTON - The State Department has granted a tempo-The newspapers in Nairobi in- rary visa to allow the Rev. Ian Pais ley, a Protestant leader in Northern Ireland, to attend the World Con-

gle between Protestants and Catholics in Northern Ireland. Two subvisas were denied, although in September 1982 he was permitted to attend a funeral in California.

condition that they are treated in

the same way as Nazi war crimi-nals. Otherwise the reporting is bi-

ased by an ethical double standard.

the 50,000 political prisoners that

Casey Might Volunteer

Regarding the report "Casey Says He Wouldn't Touch' Any Carter

To put the boot on the other

foot, as it were: Mr. Casey might

volunteer to take a polygraph test.

GIOVANNI ORSO.

File" (IHT, July 7):

I. VARLAM

squeaky eloquence.

peating the formula that Pol Pot coalition just kept repeating that Pot's guerrillas.

NEWS ANALYSIS

may be a murderer but is nonetheless a patriot, the prince has been telling friends he dreads Pol Pot's return. He reminds listeners how he once got along with the Vietnamesc, and he has been warning his partners that France, Australia and other countries seem more inclined to deal with Vietnam despite their disapproval of its venture in Cam-

Vietnam must go, he said.

"Do you think for a moment that Vietnam would withdraw unconditionally from Kampuchea?" the son asked. "No," he continued. "So Prince Sihanouk says that we must find another technique for dealing with the situation."

The son confirmed a recent report that Prince Sihanouk suspect- trum these days, but he doesn't beed China, his longtime supporter, lieve - as Peking, Washington and of planning secretly to eject the several Southeast Asian capitals

keep their own compatriots en-slaved." He has been in the lime-Ranaridh, said last month after his Pot's return to power and could light since, rallying friends with his father threatened to quit the coali- legitimize Vietnam's refusal to tion that the prince was "very pessi- withdraw. The only alternative, he Lately, however, his position has mistic" about the coalition's "nar- has said, is a negotiated settlement shifted slightly. Frustrated at re- row" anti-Vietnamese stance. The involving the neutralization of Pol In April, Vietnamese troops de-

stroyed the prince's own military camp in western Cambodia. He has recently learned in detail how Pol Pot's soldiers killed some of his relatives. He is worried by reports, none yet proven, that hundreds of thousands of Vietnamese civilians are colonizing his homeland.

Prince Sihanouk looks relatively

Vietnamese by force. The possibili- keep asserting — that time is on his



side, or his coalition's, or Cambodia's. So he has been freshening his

Election Signals a Stirring of Tax Revolt in Japan

By Clyde Haberman

ago Daisuke Yagi quit his job at the crs passed in 1978. Mitsubishi Corp. so he could run for the upper house of parliament.

company man for 33 years. Now was empty. are few and thoughts are vague on His family thought he was crazy, how the lost revenue would be

he said, and so did many other

Late last month, to the surprise New Salaryman Party, a tiny group formed only half a year ago and dedicated to more even-handed tax treatment for Japan's millions of office workers. The other winner was the party's founder, an ecoadvocate named Shigeru Aoki.

"I put everything into this elec-on," Mr. Yagi said. "If I had lost, that unlike other Japanese, he has I'd have to look for another job. So the pleasure of victory was great-

His party's success in the elecbe a sign that Japan may be entering an era of single-issue politics, with one-theme "miniparties" able to feed on discontent with the long-

be considered the first full-blown come with a variety of maneuvers. tax protest in recent years. A few such as dividing earnings among

TOKYO — About two months Proposition 13 that California vot-

The analogy is overdrawn, But the fledgling party nonetheless has He was a high-ranking official, a touched a nerve. "Tax cut" has become such a hyword of late that here he was, 56 years old and 18 Prime Minister Yasuhiro Nakasone is promising the first reducinto a pool that, for all he knew, tion in five years, although details was empty.

are few and thoughts are vague on

made up. The salaryman referred to in the Mr. Yagi did not care. For three name of Mr. Yagi's party — the weeks, from morning to night, he Japanese word is borrowed from

campaigned around the country English — has become something out of a rented van, running of an international symbol of modthrough \$34,000 that he had re- ern Japan. In the most typical imceived from Mitsubishi as a separa- age, he is a hard-plugging (ellow in a dark blue suit, who stays at the office late, goes out drinking with of many, he won, becoming one of his co-workers and by his mbers of the Diet from the assidnousness keeps Japanese busi-

ness and industry rolling. This is surely a stereotype. But like many stereotypes, it contains elements of truth. These days, the salaryman can be

any payroli employee, from the secretary to the blue-collar worker, and there are 41 million of them in

no way of escaping the tax collector. His taxes are withheld, with the company taking out national and local income taxes and tions for the upper house has been social security and insurance pay-taken by many political experts to ments before passing on his monthly pay.

By contrast, self-employed peo-

come to be whatever they want it to be, and then pay taxes on that. But perhaps more than that, the Often, they under-report what they rise of the Salaryman Party could earn. Or they reduce taxable in-

people even talk about a taxpayers' family members, in some cases revolt, raising the specter of the spreading the wealth so thin that no said, was to "enlighten" the Japatax-slashing measure known as one owes money to the govern-nese about their tax burden. He

> Among the worst tax dodgers, Tokyo and Osaka, are doctors, op-erators of pachinko, or pinball, parlors, building contractors and restaurant owners Over the years the expression ku-

ro-yon, or 9-6-4, has entered the from talking about "enlightenlanguage. It refers to the widely held notion that payroll workers pay 90 percent of the taxes they should, self-employed businessmen pay 60 percent and farmers 40 per- a bit like Howard Jarvis, the fiery cent. The 9-6-4 formula, say people familiar with the tax structure, is only a little off the mark, if at all.

An office worker who is married with two children and earns about \$25,000 a year can expect to take home about 82 percent of gross pay. National and local income taxes become confiscatory only at the upper levels, with government taking 93 percent of earnings above It comforts few Japanese to

know that the income-tax burden is greater in many European countries and in the United States, Mr. Yagi complains that people in Ja-The salaryman's complaint is pan pay an array of "indirect taxes" - the result, he contends, of government policies that keep food costs artificially high and real-estate prices somewhere in the strate One question now is how easily

the government could keep a pledge to cut taxes. The national debt is already huge and growing each year. Money needed to pay the interest on government borrow ing accounts for 16 percent of the \$214-billion budget. For Mr. Yagi, any reduction

would be a step in the right direc-

said this in a quiet manner, belitting a man who found himself with according to official surveys in some free time several years ago and filled it by writing novels. Yagi is a pseudonym: his real name is

But, before too look in a conversation the other day, he moved ment" to estimating that the government could get by on (ar less money, perhaps half its current tax revenue. At that point, he sounded anti-tax advocate in California. When told that, Mr. Yagi looked interested. He made a note of Proposition 13 on a slip of paper. He will have to look it up, he said.



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up crime in Java's streets, the military is bypassing Indonesia's con-stitutional guarantees of due process and right to trial.
In Jogiakarta alone, Indonesia's second city, where I live, more than the basement of Sardiito Hospital, a large government hospital; and hundreds of others have reportedly been thrown in the rivers around

the city. Some people apparently in the know say the death total exceeds 600 — and this is just in logiakarta. The killing is taking place in cities throughout Java.

Name witheld by request.

Jogiakarta, Indonesia.

About Bertrand Russell I have witnessed two of these killings. In one instance six men, all clearly military, dragged a suspect to a garbage dump, drew knives cen vacationing for three weeks, and methodically stabbed him to death while hundreds of people of the International Herald Triwached from the road above and listened to the more and some and conditional to the more and some and conditional to the more and conditional to the conditional t listened to the man's screams.

in another instance, in the southem part of the city, military men

looked on as a mob they had in-spired clubbed a man to death. The victims are accused of being For reasons unknown to me, major news organizations are not printing the full story about what is happening in Indonesia. Recent press reports said that 400 people had been mysteriously killed in indonesia, and the commander of the galis, or members of protection rackets. In the early days of this crackdown, about two months ago, the most common method was to arrest them, tell them to run and shoot them in the back. As happens armed forces was quoted as saying it might be the work of rival gangs. been some mistakes made and m-All of this is misleading.
The fact is that the military itself nocent people have been killed. Many others who were only smallis solely responsible for these kill-ings. Under the guise of cleaning time thieves have been killed.

Everyone I know in Jogjakarta, whether Indonesian or foreigh, has either seen one of these killings or heard a firsthand account. For weeks this has been the hottest topic of conversation in town. There is no secret. People are

250 bodies have found their way to being murdered by the hundreds and yet for some reason no one scems to have written an accurate account in the international press. Name witheld by request.

> Mr. A. Roderick-Grove (Letters, July 5) writes, "Bertrand Russell's

> good name been disclosed? HANS S. SCHROEDER.

Whose Democracy? Regarding "Another Try at Exporting Democracy" (IHT, June 29) by Robert E. Hunter:

LETTERS TO THE EDITOR

While "exporting democracy" to loreign political systems that have yet to develop democratic procedures and ideals may be a laudable

La Pasionaria presided over the extermination of hundreds of thousands of non-Communists, starting with Calvo Sotelo and ending with While "exporting democracy" to in situations like this, there have goal, the Reagan administration is not the one to carry out such a the Communists were unable to program. To the extent that it has take with them when they left Baradopted Jeane Kirkpatrick's ridic- celona and Valencia. ulous distinction between "an-thoritarian" and "totalitarian" governments it has forfeited any claim to understanding political change in countries that are run by

closed political elites. Peaceful, democratic political change requires a degree of trust between rulers and would-be rulers - at least a reasonable assurance that losers in political contests will not be murdered. Such conditions were obviously lacking in El Salva-dor, as potential leftist candidates in the Reagan-sponsored elections last year realized.

It is useful to remember that Hit-

About La Pasionaria

Regarding "Living Legend of Spanish Marxism, (IHT, June 30):

It is normal to write about peo-

ler became chancellor by exploiting democratic procedures. BRUCE HEITMAN.

are timely. Surprisingly, the simple issue of human rights is scarcely mentioned — the imposition of dirty and dangerous air on those who are forced to breathe it in enclosed places, from restaurants (at least in France) to airport waiting rooms and aircraft cabins.

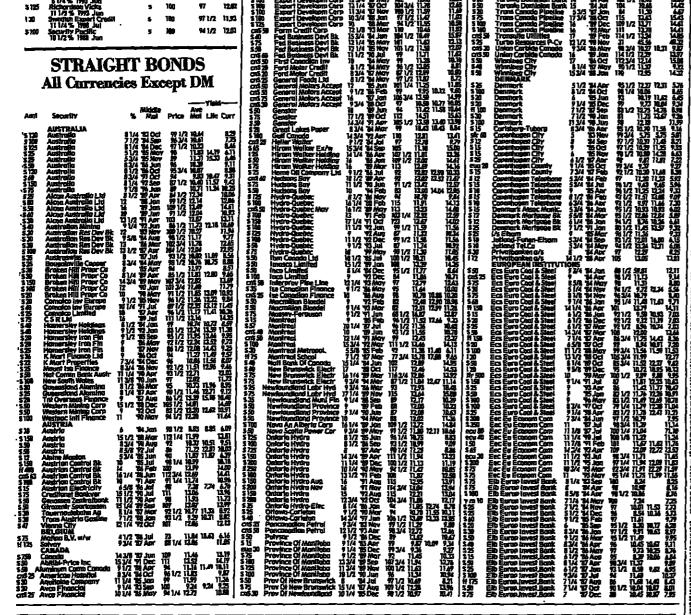
Smoking and Rights

Your recent articles on smoking

International Bond Prices - Week of July 13

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ANNUAL GENERAL MEETING OF SHAREHOLDERS, JUNE 15, 1983 YEAR ENDED DECEMBER 31, 1982

Many difficulties but bright spots as well

A general drop in consumption and surplus crude oil production, A general drop in consumption and surplus crude on production downward moving prices and a trend in producing countries toward a tax squeeze beyond bearable levels all weighed on year-end results. Other factors such as surplus capacity in refining, shipping, petrochemicals and heavy chemicals further aggravated the situation. Finally, the worldwide agricultural crisis slackened demand for phosphate, sulfur and fertilizers and at the same time the situation for nickel workened. and at the same time the situation for nickel worsened Opposite these especially adverse factors, some bright spots:

discoveries during the year in Angola look promising and the decision was taken to begin developing North Alwyn in the British North Sea.

The Donges refinery was completely renovated and a new oil product pricing system should improve the situation in 1983. In sum, the Group's long term debt to total capitalization ratio remained below 40 % that is within acceptable international credit standing limits for obtaining international credit.

A major event marked 1982: the government entrusted Elf Aquitaine with a major role in the French chemical sector. A substantial proportion of our future operations will then be

Major activities in 1982

Exploration and development

to 1982, expenditure on exploration amounted to 6,7 billion francs (0.6 of which were spent in France), and outbys for development to 8.4 billion francs (0.6 with 0.7 in France). Development of the North Alwyn field, located east of the Shetlands, in which Elf-Aquitame has a two-thirds interest, should lead to contribution standard in 1988. production start up in 1988.

Oil and mining production

On and straining production in 1982, production by the Group (as operation) in 14 counties amounted to 24.3 million tornes of liquid hydro carbons and 25.8 million cubic meters of commercially viable natural gas. Soliur demand sagged as a result of the crisis in the phosphate industry and this led Texasguil to reduce suffur output. Suffur production from the Lacquistic also deposed in certains with reduced law 68.

figus also dropped in randem with reduced raw gas production. In 1982, Group suffur output totaled 2.4 million formes with I million formes for Texasguil and 1.4 million for SNEA. Sales volume for Société Metallungque Le Nickel (SLN), un which Ell Aquitaine has a 50% interest, amounted to 35,300 tonnes, a drop of nearly 15% compared

SLN's 1982 net result should show a deficit of 850 million trancs against a 275 million francs delicit

Crude oil trading - relining - marketing

in 1992. Et Aquistine's crude di resources totaleo 31 milion tonnes, hall of which - 15.5 tonnes, were produced by Group subsidenes. The rest was purchased from outside compares, either on the soot market or within the framework of contractual. regard or way in the form room of constantial commitments, DI Aquitaine's refiring operations absorbed 18.5 million tomes, the difference between this figure and tonnage actually processed (2) million transes) having been taken from stocks. The balance (12.5 million tomes) was placed on the international

Crude of transported on behalf of El Aquitaine in 1982 amounted to 16.6 million tonnes, down 6 million tonnes, against 1981 and 14 million against 1980 With respect to refining and marketing. Ell France sustained a 1982 loss of the order of 2 billion francs. which would have reached the 4 billion frame. Fed sholes not been drawn down. Startup at the new units at the Donges retinery had only a limited financial effect because it did not take place until the second half the seco of the year. The Valenciennes refinery was shut down and transformed into a tank tarm. Refinery personnel

in April 1982, the pricing system for the four controlled of products (premium petrol, petrol, diesel oil and

home heating fuelt was modified to give the or companies some freedom to set ex-refinery prices within the limit of a ceiting calculated according to a special formula. These new provisions were not however strictly applied until January 1963 and so the formula did not have its full effects in 1982. Crude of processed in France or El France amounted to 17 million transactions. to 17 milion tonnes, down 21 % in comparison

In France, sales of Irrished products totalled 14.4 reation formes, representing 22 % of the domestic market against 23.2 % in 1981. In terms of formage, sales thus feet of by 7.8% against a 6 % otrop in domestic consumption as a whole. This reduction is in line with the Group's marketing policy which is oriented towards the most economically worldwhile products. Group sales in the European market totalled 6.5 million

Heavy chemicals Heavy chemicals

After consultation with the company, the government decided to make Elf Aquitaine party to the plan for the French chemical industry's recovery. It is planned that the company take over the whole of the halogen sector (chlorine, fluorine, bromine) as well as a majority interest in Alo Chimie and Chloe Chime.

The government has made a commitment to maintain Elf Aquitaine's potential as well as its shareholder's interests.

The company has estimated that it could contribute the company has estimated that it down continuous in the order of 3.5 billion trancs over 4 years to such a project and would like to be accompanied in this venture by a minority partner who would add to this capital commission.

Generally speaking, results in periochemicals and heavy chemicals again considerably worsened in 1982 especially in the second half, in France, the combined effects of the rise of the dollar and the price freeze aggravated the situation even turther, putting domestic producers in a more adverse position than their European compensors, Thus in 1982, cash flow corresponding to SNEA's share in the Ato-Chioe

grouping was negative to the amount of 240 million francs. Prospects for 1983 remain gloomy Fine chemicals - the bio-industry Fine chemicals and specialty products (SNEAP).
Rousselot, Ceca. M&T) saw generally satisfactory
growth in 1982. This confirmed that companies holding
strong international positions in markets for highly
sophishicated products can turn in good performances. even in difficult economic conditions.
This sector's 1962 sales folialled 5.6 billion francs.

Pharmaceuticals and cosmetics constituent and a state of the control of the contr

represent 45%, of the sector's consolicated sales. The squatron however became more difficult in the

pharmaceutical sector beginning in the second half subsequent in particular to the measures taken by ment to balance the French Social Security 529

275 225

Research

In 1982, the Di Aquitaine Group devoted some 1.5 billion transs to technical and scientific research and development. Ot this amount, 910 million frans. were put into the energy and chemicals sectors and innovation, and 590 million into health and hygiene.

Financial highlights

The results for 1982 reflect the effects of a generally motifierent economic situation.

1982 Group consolidated sales amounted to 114.8 billion francs against 104.4 billion in 1981. Had the interests in Ato Chimie, Chlor and SLN entered into account, the 1982 figure would have been (18.4 billion

The Group's consolidated cash flow, after charge-off of dry hole exploration expense, totalled 11.3 billion francs against 10.9 the previous year. Investments reached the 15.1 billion transs against 13.9 billion (excluding the acquision of Texasguiff in 1981. SNEA's share in Group net income for 1982 amounted

Sives state in unoup he mome or roce amounted in 3527 million hancs against 3687 million in 1981. This resulted in a net result per share of 39 trancs against 41 trancs the previous year. Group earnings would have been down even more had Iran not settled a substantial debt for which provisions had been set aside in prior years.

had been set aside in prior years.
For SNEA, the parent company, net income amounted to 2.241 milition francs against 2.095 milition in 1981.
This figure includes a reintegration into income about 1.6 billion francs in provisions set aside in previous years in consectation of lingation with the National Itaman Out Company, an adjustment made possible by final settlement of El Aquitame's situation in Iran and succedurent payment.
The Shareholder's Meeting voted to maintain the dividend at the same lived as the previous year, that is at 10.50 francs per share of 10 latents nominal value. This retigiories to which is added a tay orbit of

This net dividend to which is acided a tax credit of 5.25 knincs is payable against presentation of coupon No. 28 from July 1, 1983. NO. 28 from July 1, 1963.
The term of office of the Charman, Mr. Chalandon, expired with this Meeting and a resolution was to be put before the Meeting to renew if. Because, however, of everity which Mr. Chalandon gave account of at the Meeting, he stood down from another term of office Subsequent to this, ERAP nominated Mr. Michel Pecqueur, Head Administrator of the CEA the French Alomic Facility and Charman.

mit, muser recupious, mean expression of the CEA the French Alorine Energy Commission) and Chairman of COGEMA, to the excent office of director. The proposal, put to the vote, was adopted by the majorny soling.

(Continued on Page 14) **WestLB** Eurobonds · DM Bonds · Schuldscheine

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A SPECIAL REPORT

Election Setback Damages Hopes For the Economy

By John Phillips

ROME — Share values on the Milan bourse plummeted in the biggest one-day drop in history after last month's general elections, raising disturbing questions about the future of the Italian economy.

As the extent of the Christian Democratic setback became clear, the main index fell by 8.5 percent amid panic selling by the Italian business capital traders. As the market read it, the outcome at the polls without a doubt meant that Italy's pressing economic problems would be swept under the carpet once again.

Shares of the Fiat auto company, always an important indicator of confidence, fell by 10 percent. It was the same gloomy story elsewhere, with the Montedison chemical giant's shares plunging as low as 164 and other big companies, such as Olivetti, CIGA and Mediobianca, for a while looking in trouble.

At one inneutre, as many as 18 stocks could not be quoted at all

At one juncture, as many as 18 stocks could not be quoted at all. Tuesday, June 28, went down in the history of the stock exchange as the worst day since the crisis of summer 1981 after the indictment of the late Roberto Calvi, then president of the Banco Ambrosiano, and other leading Italian financiars, on charges of massive illegal export of cur-

In the first hour of trading, the Milan market lost nearly a half of the ground gained in the first six months of the year. On Wednesday, dealers began to recover their nerve, sending the index climbing back to 3.7 percent. But at the end of the week share values were still depressed by the political situation and there was speculation about the prospect of another dramatic day on the bourse if wrangling among political parties was not quickly resolved.

Ironically, Italian equity markets had been bullish in advance of the June 26-27 polls, precisely because of widespread expectations of a strong return by the Christian Democrats and a decline in support for the

But by Tuesday a pessimistic mood had pervaded the foreign exchange market as well, with the dollar climbing about 23 points against the lira to reach as much as 1,515 in the day's early interbank dealings. There was no

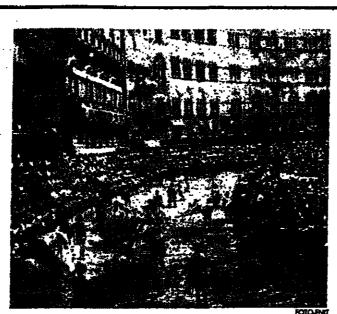
reach as much as 1,913 in the day's early interbank dealings. Infere was no mistaking the disillusion in business circles after the first projections showed just how far Italy's political geography was changing.

"Governing Italy will be increasingly difficult as the new premier will have to mediate a split majority," said Vittorio Merloni, president of the Italian employers' federation, Confindustria.

"This happens at a moment in which other European countries rely on more powerful majorities and can make quicker and more decisive choices," Mr. Merloni said.

That degreessed viewpoint was echoed by two other too business.

That depressed viewpoint was echoed by two other top business figures. Francesco Cingano, managing director of the Banca Commer-(Continued on Following Page)



A medieval pageant re-enacted in Sienna.



Ischia castle viewed from mainland beach.

A New Taste for Sports Cars as Terror Fear Ebbs

Italians are again flaunting stylish and powerful sports cars on the Via Veneto and other traditional haunts of Rome.

Measuring the state of the market is difficult found haunts of Rome.

sured by the recent victories against terrorism, begins. In absolute terms, Italians seem to have culminating in the release of U.S. Brigadier an almost insatiable demand for high-speed pects in a series of nationwide police raids in June. It is no longer dangerous to show you have

Encouraged by that change of attitude, Italian sports car manufacturers and designers are ng cautions optimism that the home market may witness a resurgence of demand this

- For the first time in 15 years sports cars have not fully recovered from the

Measuring the state of the market is difficult because many companies do not have separate turnover figures for sports and other models, Sleek Lamborghinis, Maseratis and Lancias turnover figures for sports and other models, jostle for position with more workaday automobiles in a sign that the wealthy have been reassports-style model ends and a family convertible begins. In absolute terms, Italians seem to have General James L. Dozier from his Red Brigades travel on the road, for example, buying nearly 2,400 Maseratis alone in the first five months of has raised anxiety about their prospects in what this year, according to figures released by AN- is a key market for the two. "This move was not abductors last year. Even the fear of kidnappers, 2,400 Maseratis alone in the first five months of the nemesis of the Italian rich, has receded this year, according to figures released by ANsomewhat after the arrest of hundreds of sus-

But for many companies, even that very high level of domestic consumption has been insufficient to keep them going amid the harsh winds of recession, and more and more have looked to export markets in order to survive: Pininfarina, one of a number of car design and manufacturing companies based in and around Italy's Deyear. For although Italians have been putting their impossible fantasy objects through their paces on the streets more often recently, sales of est foreign market until this year was the United troit-style city of Turin, has been exporting 80 percent of its 136-billion-lire turnover. The larg-

infarina Spider 2000.

For about 12 months, however, sales of the Spider 2000 and the X-19 sports car made by Bertone have been disrupted in the United States after Fiat's decision not to market the two models there anymore and failure to reach a satisfactory agreement with a U.S. importer. Executives in both companies said the Fiat

decision to sell off U.S. rights on the two cars sought by us," a senior Bertone executive said.

Against that background, Bertone is staking more hopes on sales of the Bertone Cabrio, a convertible made from a Fiat Ritmo base, production of which is expected to reach 5,000 this

Still a family firm, Bertone employs just 1,350 people and has an average yearly turnover of about 65 billion lire. Its Turn-based neighbor, Pininfarina, also depends heavily on producing

(Continued on Following Page)

The Monte dei Paschi Banking

MONTE DEI PASCHI DI SIENA

Group, which includes:

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ITALIAN INTERNATIONAL

CREDITO LOMBARDO

showed, at 31/12/82

of \$ 26.4 billion.

to \$ 1.7 billion.

total deposits in excess

Capital resources amounted in

BANCA TOSCANA

BANK Ltd.,

New Government: Election Brings Summer of Talks

By Henry Tanner

ROME - Post-election negotiations between political parties have only just begun and are expected to last through the summer.

Ironically, after an election that was universally interpreted as a "protest wote" against the politicians and parties that have been ruling the country for the last 38 years — an "earthquake" the Rome newspaper Lu Repubblica called the election — the government is likely to look much like its many predecessors. All the old parties and many of the old politicians are expected to be in it.

The ruling Christian Democrats, who admitted having suffered a numiliating defeat, quickly made overtures to Bertino Craxi, the Socialist ader, who also fared much less well than he had confidently expected. The Christian Democrats, after a series of party caucuses, signaled to

Mr. Craxi that they would be willing to accept him as prime minister in a new five-party coalition in which they would once more be the strongest partner with Republicans, Liberals and Social Democrats the remaining Other possibilities, if negotiations with Mr. Craxi should eventually

fail, would be a transition government under a Christian Democrat or a government of so-called technocrats, meaning less-marked political figures, possibly headed by Giovanni Spadolini, the Republican former prime minister, whose small party made the largest relative gains in the

It will be up to President Sandro Pertini, at the end of this month, after a new parliament is convened, to choose a prime minister-designate who will then try to put together a cabinet.

In the meantime, the country is governed by a caretaker government under Amintore Fanfani, the outgoing Christian Democratic prime minister. As usual, the caretaker government is as effective and has a much authority — or perhaps more — as the "real" governments that are under constant pressure from the bickering coalition parties and from

Labor Minister Vincenzo Scotti, for instance, is deeply involved in all important wage negotiations between the metalworkers' union and industry and there has been no suggestion that his role may have suffered by the absence of either a government or a parliament. The government is acting not only as a mediator but will be a partner in the new contract in the case of the nationalized industries.

The metalworkers have always been the most powerful and toughest negotiators of all Italian workers. An agreement reached with them has always served as a model for other categories of workers and other industries. With contract renewals due every three years, but the deadlines often changed for political reasons, the current negotiations, there-

(Continued on Following Page)

Cause for Concern: New EC Agricultural Policy

By Craig Anderson

BRUSSELS — Uncertainty and apprehen-sion must be Italy's sentiments when the country looks at the possible development of the EC's Common Agricultural Policy and Italy's

As one of the six founders of the European. Common Market 25 years ago, Italy was closely connected with the birth of what has become for some EC and most non-EC governments a de-testable sacred cow but which is for other community member states a kind of benevolent

guardian angel for Europe's 8 million farmers.

Despite constant catcalls and continual attacks both from within and from outside the EC, the Common Agricultural Policy, known as CAP, has achieved many of its initial objectives. This is as true of Italy as anywhere else in the community, with self-sufficiency having been increased dramatically and farm incomes raised way beyond the peasant farmer level for most

EC figures show that over the last decade farm incomes have increased in real terms in Italy by between 11 and 15 percent, at a time when inflation and high fuel costs have whittled down the real level of incomes for farmers in most other community countries.

In the first decade during which the CAP was in operation — between the mid-1960s and mid-1970s — farm incomes in Italy rose by more than 50 percent.

In a country that aside from the latest EC member state, Greece, has the largest number of tiny farms employing only one person — until recently more than half the total farms in the

personal as well as an economic level.

The CAP, however, did not suit Italy's needs from its inception. In 1962, when the original proposals for a common system of support for EC farm goods were made, the important commodities of wine, fruit, vegetables and olive oil were not included.

But in 1966, Common Market arrangements for fruit and vegetables were set up, providing a safety net for producer prices as well as special mechanisms to protect Italian agriculture from cheap imports from outside the community. Later, support systems for wine and olive oil completed the picture as far as Italy was con-

Other measures designed to promote farm modernization have also been framed with Italy in mind in an attempt to ease the country's agricultural sector away from subsistence farming toward larger and more efficient farming methods

Apart from the ups and downs of each year's EC farm price-fixing struggle when the 10 go-vernments meet to set common price levels for the coming year, Italian farmers are resping the benefits of the basic structures of the CAP together with other projects designed specifical-ly to help Italian agriculture.

Storm clouds, however, are massing on the horizon. For years, countries like Britain and West Germany, the two largest net contributors to the EC budget, have been complaining bitter-ly about the cost of the CAP, now consuming two-thirds of all Common Market revenues.

country—this income rise has been crucial on a flowing abundance in the more northerly member states like the Benefux countries, France, Denmark, Britain and West Germany. Out of the total agricultural budget of almost \$12 billion a year, roughly 60 percent goes to finance the dairy industry with its half-million metric-ton butter mountain and growing stock-

piles of powdered milk. The campaign for cost cutting has turned into a full assault on the CAP as the community approaches bankruptcy. Last year's 11-percent farm price increase, combined with record production levels, meant a bonanza year for farmers. But farm spending by Brussels is running 40 percent over budget for the first six months of this year.

As far as countries like France, Italy, Greek and Ireland are concerned, the simple solution to the lack of funds is to increase member states' budget contributions. But the big contributors argue that any extra cash might simply be sucked into the mouth of the all-consuming farm policy unless the hitherto open-ended sup-

port commitments are scaled down. Although the main problems lie with milk and cereals, of lesser importance to Italy than other so-called Mediterranean products, the EC Commission in Brussels is engaged in a thorough reappraisal of all aspects of the CAP, and Italy cannot hope to escape whatever spending

cuts are decided upon eventually.

The other dark cloud, closely linked with these financial worries, is the forthcoming arrival of Spain and Portugal within the ranks of the community. Both countries produce the same type of products as does Italy, and the present

(Continued on Page 9S)

Saving deposits and current accounts 11.905.048 Reserve funds 1.474.715 Total available funds 22.890.562 Loans and advances 6.558.335 Security holdings 7.452.975 22.551 Net profit

Film: Waiting for the Next Wave? Sailing"). But efforts such as these are few labor costs. Second, and more important, is and far between. The number of all-Italian the fact that Italian audiences don't care

By Robert Wazeka

ROME — The age of the "spaghetti western" has passed, la dolce vita has not been very sweet in years and the once exciting Italian film industry has become a little dull Will Italian cinema revive? Its great age, of

course, both artistically and commercially, was the 1950s, when such directors as Fellini, Antonioni, de Sica and Pontecorvo were at their prime. It was also the time of Italy's economic miracle, and thus a time when the country had more confidence in itself than it seems to now. Any true revival will probably have to wait for a coalescence of a great variety of social and economic factors — and this could happen quite soon or, then agam, perhaps never.

Consider that two of its biggest preoccupations in recent months have been a 56-day strike by sound personnel involved in dubbing and -following a cinema fire in Turin - how to make movie theaters saler. No one could dispute the fact that labor relations and theater safety are important issues, but somehow something seems to have been lost from the days when Anita Ekberg waded, almost nude, through the fountain of Trevi in the film "La Dolce Vita."

There have been periodic attempts to revive Italy's state-supported production stu-dio, Cinecittà, but without much result. Much publicity surrounded director Franco Zefferelli recently when he filmed "La Traviata" there, and now (as always) there is considerable publicity accompanying Feder-ico Fellini, who is at Cinecittà completing his

films produced in the 1981-82 season dropped to about 110, against 120 in 1980-81 and 140 in 1979-80. For 1982-83, the figure

could well drop below 100.

Meanwhile, the appetite for American films continues to grow. A total of 120 American films were shown in Italy last year, 10 more than the number of Italian films. In addition, there were 17 Italian-foreign coproductions and about 80 non-American foreign films for a total of 327. The audience for these films was 195.4 million, a drop of 9.3 percent, against the previous year's 215.5

The decline in the number of films produced is not being offset by an increase in quality either. Italy is plagued by a series of cynical, crude, poorly made - but highly profitable - comedies. If nothing else, however, they at least have the virtue of bringing to the fore a generation of brilliant new comedians such as Adriano Celentano (currently Italy's highest paid actor), Massimo Troisi and Carlo Verdone.

Producers and distributors like to talk of a "crisis" in the Italian film industry, but a notvery-well-kept secret is the fact that moviemaking in Italy, contrary perhaps to all ap-pearances, is still highly profitable. "You can carn more profit making films in

Italy than in any other country," said Paolo Biondo, owner and manager of International Recordings, a company that does "post-pro-duction" work such as sound, dubbing and editing on more than one-third of all films shown in Italy. "One reason," he said, "is low

about 'finish' and special effects as much as audiences in other countries do. Producers can cut a lot of corners making a movie here and save money doing it."

In spite of the recession, money for pro-

ducing films is available, often at what amounts to discounted lending rates -which, in Italy, means just under 20 percent - and usually on an upfront, guaranteed distribution basis. The leading private finan-ciers are Mario and Vittorio Cecchigori, father and son, who finance numerous comedies. Public money, in addition to coming from the state television network RAI, is available from Sezione Autonomo Credito Cinematografico, known as SACC, a special unit solely for film industry loans within the state-owned Banco Nazionale del Lavoro.

A striking fact about Italian movie audiences is that they are older, in general, than those in other countries. People over 40 still go to movies, and in large numbers - although this phenomenon seems to be changing as Italy becomes more cosmopolitan. The more "cosmopolitan" a country is, the more one is likely to find middle-aged and older people staying at home watching a movie on television rather than going out to a movie theater to see one. The Italian film industry, in fact, is taking steps to accommodate an increasingly younger audience that has grown up accustomed to electronic games and highquality stereophonic sound. Much attention was given to the improve-

(Costinued on Page 10S)



ITALY

Election Brings Summer of Talks

(Continued From Preceding Page)

fore, are decisive for the future of the Italian economy for years to come. The negotiations also go to the core of the central economic issue that divided the last government of Mr. Panfani and paralyzed the two preceding ones under Mr. Spadolini, who for 18 months was the only non-Christian Democratic prime minister since the 1940s. All three governments were brought down by Mr. Craxi.

While Italian political disputes are almost always conducted in the form of straightforward power struggles between parties and individuals, the economic issue that divided the three governments and dominated the election campaign is real and increasingly compelling.

inflation stands at about 16 percent a year, unemployment is rising, the public debt is enormous, the lira has been losing ground and Italian industrialists have been complaining for years that high labor costs and low productivity are making it increasingly difficult for them to compete in the international markets.

In past governments and during the campaign, Mr. Craxi's views on how to deal with these issues were in basic conflict with those of the Republicans, Liberals and the leader of the Christian Democrats, party secretary Ciriaco De Mita

Mr. Spadolini made himself the spokesman of ansterity. He urged swift drastic anti-inflation measures. After the election in June, he was quoted as saying that labor policies — the creation of jobs and wage increases — had to be "subordinated and linked" to a policy of reducing inflation.

Mr. Craxi, during and after the campaign, charged that the medicine prescribed by Mr. Spadolini, the Liberals and Mr. De Mita was so potent that it would "kill the patient." The fact that the Christian Democratic leadership now accepts Mr. Craxi as potential prime minister is interpreted to mean that the ruling party is backing off from Mr. De Mita's campaign position, because the

party has found out that a policy of economic austerity is not popular with the mass of the voters who backed it in the past. This, in turn, can only mean that if Mr. Craxi becomes prime minister, he Christian Democrats will meet him halfway on economic policy,

leaving the Republicans and Liberals to fight the battle for austerity Apart from splitting any future coalition government from the start, this may well mean that Italy will continue to be the only European country not conducting a policy of austerity, much to the despair of its

professional economists, industrialists and business community.

The Communists, the perennial second party behind the Christian Democrats, lost votes fractionally in the election, but because the Christian Democratic loss was so much bigger (between 5 and 6 percent of the vote in the Chamber and the Senate respectively), the gap between the two parties now is narrower than it has ever been since World War II.

If nothing else, this has given Enrico Berlinguer, leader of the Communist Party, who was in a slump before the election, a much-needed lift, and it has increased the Communist Party's influence in the coming economic debate. This is apt to harden the trade unions, which had already accused Mr. De Mita of having sold out his party to the big industrialists and to the business community.

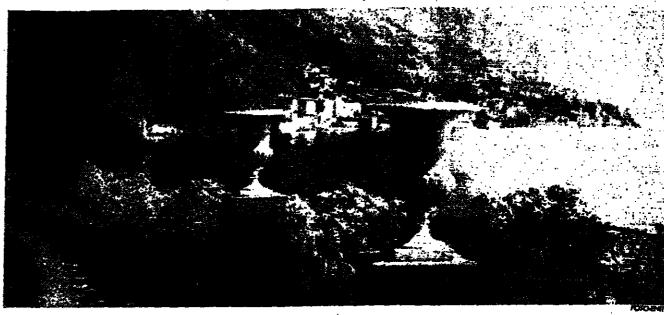
All this will weigh heavily on the new government or, more probably, successive governments, for Italian commentators find it difficult to imagine that the new coalition, whether under Mr. Craxi or not, will be able to last much longer than the average of its predecessors, which was about eight months. When Mr. Craxi brought down the Fanfani govern-ment in April and forced President Pertini to call anticipated ejections (the next regularly scheduled election was due in 1984), he and his aides were confident that the Socialists would gain 4 to 5 percent more votes than they had in the last national election in 1979. Instead, they made a gain of 1.8 percent, a semi-defeat acknowledged by the party.

If their hope of a large gain had come true, Mr. Craxi would have been swept into the prime minister's role as a commanding figure able to dictate his policies, within the limits of the Italian system. If he becomes prime minister now, by contrast, it will be as a result of one of those many half-hearted compromises that have been the unfortunate norm of Italian politics all along.

Mr. Craxi insisted on new elections now, primarily because he feared that Mr. De Mita's efforts to overhand the Christian Democratic Party and give it a new modern image would make the ruling party a much more formidable opponent in the future.

Mr. De Mita was not able to complete his project. And while insiders say that he underestimated the strength of Christian Democratic traditions, the most telling reason obviously was that he did not have enough time. The De Mita wing of the party is being blamed for the election

So far, recrimination within the party has been muted. But a power struggle between the "old" and the "new" Christian Democratic Party is inevitable and may well become the most interesting and important next development in Italian politics.



Lake Como at Finmelatte.

Tourism: Continued Stability Forecast

By Janet Stobart

ROME — With the holiday season in full swing, both sides of the Italian border are assaulted by the customary exodus of Italian tourists going abroad for their vacations and the influx of foreign tourists who once again choose Italy as their favorite playground

This year the Italian side of the border will be far less blocked than the West German, Austrian and French sides, for despite the freer currency restrictions regarding money taken abroad, Italians find their devalued

lire buy more holiday time at home than abroad. Last year, of the 50 percent of the Italian population that moved away from home for a holiday, little more than 5 percent crossed the frontier.

The holiday money spent by Italians in Italy totaled \$18.6 billion, against the foreign tourists who spent \$8 billion. After several lean years

when Italy's image abroad was plagued by reports of crime, terrorism, communism, earthquakes and avalanches, last year finally brought a period of seranity and comparative prosperity for the tourism business. Foreign visitors, headed as always by the Germans, 7 million of whom came to Italy in 1982, increased by 11 percent over 1981, and the year closed with a balance of almost \$6 billion. The forecast for this year is one of stability rather than another spectacular increase in the tourist business, but tourism is still first on Italy's list of incomes.

Despite the decision of Pope John Paul II to make 1983 an extraordinary holy year, the tourist trade observers do not foresee larger amounts of upper-class tourists in Italy and the loss of French currency this year is foreign currency in Italian treasury coffers. After all, pilgrims do not estimated at about \$900 million.

spend the kind of money disbursed by tourists. In fact, by Easter this year a drop of 6.6 percent over last year in foreign tourists staying in hotels was already registered and there was also a considerable decrease in foreign travelers who had booked their Italian vacation in advance -- 13,000 fewer than last year.

"It's too soon to make gloomy predictions for the final yearend tourist balance," said Franco Paloscia of the information office in the Italian tourist board. "And we must take into account that while Italy increased her foreign tourism by II percent last year there was a decrease in world tourism of 1.4 percent, so if we keep an even keel this year we are doing

The foreign visitor in Italy will be able to use gasoline coupons for car travel this year but will find average price increases of between 18 and 30 percent over last year's air fares, railroad tickets, hotels and package

While most of Italy's expected 50 million foreign visitors will accommodate themselves in cheap or medium-priced lodgings and the sleepingbag brigades that bed down in the streets of Florence and Venice every year will probably increase, a blow has been dealt to the quality-seeking sector of tourism.

French travelers, at 5 million last year, second only to the West Germans, will diminish in numbers this year due to the currency exports restrictions limiting them to \$415 a year. The French are traditionally

Election Setback Damages Hopes for Economy

(Continued From Preceding Page)

ciale Italiana, and Ettore Massacesi, president of the Alfa-Romeo automobile company, warned that "urgent and unavoidable choices," would inevitably be delayed by the surprising results.

What that means in practice was spelled out rapidly by Giovanni Goria, treasury minister in the caretaker government of outgoing veteran Christian Democrat Amintore Fanfani.

In a press conference on June 30, Mr. Goria said that Italy 's runaway public deficits were heading for a massive total of 90 trillion lire this year. Mr. Goria said his efforts to rein in the public-spending borrowing requirement for 1983 would almost certainly be scuttled unless corrective action is taken by the end of July.

Mr. Goria has pledged to hold the budget deficit to 71 trillion lire, the same money level as last year, which would be a significant drop in real terms. He said cuts in spending, worth more than 15 trillion lire, had to be introduced within 40 days if he was to achieve that objective. Turin's moderate daily, La Stampa, said that the caretaker government of Mr. Fanfani "cannot launch a severe containment strategy," and that

"it requires a stable government with full powers." Other business commentators in the Italian press have charged that the Fanfani government avoided consulting parliament on the overshoot before so as not to tarnish the Christian Democrats' image for the

Mr. Goria, however, put the blame on institutional problems such as an

crease in the deficit of the Institute for Social Security, the state agency that administers the various pension plans, which it is forecast could

reach 133.7 trillion lire this year if no action is taken.
"I am worried, both as a minister and as a citizen, whether the new government will succeed in carrying out the provisions made by the Fanfani government that have not been realized." Mr. Goria, 39 years old, said. His concern is shared by many government economists who estimate privately that the budget deficit reached 15.6 percent of Italy's gross domestic product, a record for an industrial nation. Experts agree that it is the major cause of Italy's high inflation, which reached 16.4 percent in 1982.

Although foreign bankers had been skeptical about Mr. Goria's ability to make what they saw as necessary cuts in welfare spending, many Italian businessmen felt the Fanfani government had come closer to getting it right on the economy than any other administration since the 1973 oil crisis.

In January, the 75-year-old premier, with a reputation for toughness, achieved a major breakthrough, a huge roll-back of union power, when his bright young labor minister, Vincenzo Scotti, persuaded both sides of the industry to agree on a cut in the scala mobile, the escalator clause in

wage agreements cushioning earnings against inflation.

The accord was a watershed. In the past, the unions' stance had been unequivocal with the slogan "Lu scala mobile non si tocca" ("Hands off the escalator") to be seen on banners unfurled by shop stewards at every (Continued on Page 10S)

A New Taste for Sports Cars Appears as Terror Fear Ebbs (Continued From Preceding Page)

cars for larger companies whose mass produc-tion methods are incapable of the extremely high level of craftsmanship associated with the most exclusive Italian antomobiles.

Fininfarina produces a Gamma coupe for Lancia and does extensive business for Ferrari. The latest project to be launched by Pininfarina is the Spider Europa, which combines a Volume X engine made with Lancia technology and the basic carriagework of the old Spider 124. The Pininfarina produces a Gamma coupé for large automakers in order to hold off tough foreign competition such as that posed by West Germany's Porsches, more than 500 of which

produced in their own plants. A Fiat executive farina, for example, is both president of the

Sales of those two lines reached a total of about 6,500 units each in 1982, Fiat said. And both

els by an average of 2.5 perceni, effective July 1960s obsolete.

estimated that the giant Italian auto manufac-turer produced about 28,000 sports cars a year for domestic consumption of which the biggest sellers are the Ritmo 105 and the Abarth 112.

The most talked about of them all is perhaps. Giorgio Giugaro, doyen of designers of sports and other cars, whose Ital-Design Company is hailed as the leader in Europe and, perhaps, the world. With his angular, functional lines and his is the Spider Europa, which combines a Volume
X engine made with Lancia technology and the
basic carriagework of the old Spider 124. The
small sports car companies have to lean on the
prices of all Fiat, Lancia and Autobianchi modthe more woluntuous curves of the 1950s and

Despite a reputation as a prima donna who oes not take kindly to clients suspessing modi-Germany's Porsches, more than NU of which were sold in Italy in the first five months of this year, according to the ANFIA figures.

The big concerns, while farming out production of some models, have always maintained a presence in the sports-car market with models

Part of the relative health of the Italian fications to his prototypes, hardly a sports car sports-car industry, many businessmen said, is due to the drive and energy of the colorful figures in the presidential charge of the best-known manufacturing companies. Sergio Pinin-known manufacturing companies. Sergio Pinin-known manufacturing companies.

Milan Trade Fair

AN APPOINTEMENT FOR BUSINESSMEN FROM ALL OVER THE WORLD, A MEETING WITH THE BUSINESS FROM 14th TO 23rd APRIL, FOR THE GENERAL TRADE FAIR, ALL THE YEAR ROUND, ON THE OCCASION OF

ITS 80 SPECIALIZED TRADE SHOWS

TRADE EVENTS SEPTEMBER-DECEMBER 1983

october 29-31

november 22-27

november 23-29

november 26 - december 4

LA MIA CASA - 14th Furnishing exhibition

SEPTEMBER

AUTUMN MACEF '83 - International exhibition of household articles, glassware, ceramics, gitt articles, silverware, goldware, precious stones, semi-precious stones, hardware and tools

september 2-4 SUMMER MIAS '83 - International market of sport articles and camping

ANTEPRIMA-IDEAMAGLIA - Women's collections - International knitwear INTIMO DOMANI - Underware collections

OCTOBER

october 2-6: MILANO COLLEZIONi - Presentation of springsummer collections '84

NOVEMBER

44th MIPEL - Italian leather goods market (international exhibition)

EXPO COMMERCIO '83 - 16th International exhibition of commerce equip-

EXPO TURISMO '83 - 18th International exhibition of equipment for tourist

10th International exhibition of confectionery and ice-cream products

EURONATURA - 3rd SANE - Exhibition of herboristry, natural food and

ITMA - 9th International exhibition of textile machinery

SIRC '83 - 8th Italian exhibition for collettive restoration

AQUARIUM - Collections for the sea

october 10-19

november 4-8

beauty culture

and receptive activities

EBE - 13th European danks exhibition

SIPRAL - 13th Exhibition of food products

september 10-15 8th EUROLUCE - International lighting exhibition 23rd italian furniture exhibition

EIMU - International exhibition of office furniture

SMAU '83 - International exhibition for the office: informatics, telematics and communications systems, machines and furnishing for the office september 30 - october 4 MODIT - International exhibition for women's fashion collections

MILANOVENDEMODA 29 - Bride Italy

48th MIFED - International film, TVfilm and documentary market

12th INTERSAN - International exhibition of technical and sanitary orthopaedics, sanitary articles, surgical instruments, hospital equipment, physioelectromedical appliances, corsets and sanitary articles for early childhood

november 12-14 BEAUTYSHOW - 5th Exhibition and conference of hair-style, beauty, perfu-

3rd SFORTEC - Exhibition of technical sub-supplies (International exhibi-

MAC '83 - 23rd International exhibition of equipment and appliances for the

chemical industries and for laboratory research, analysis and tests

SIMEI - 11th International wine & bottling machinery exhibition

48th International exhibition of cycles and motorcycles

The Annual General Meeting of RAS-Riunione Adriatica di Sicurtà was held in Milan on 29th June 1983 and adopted as Ordinary Business the Company's Accounts for the year ended 31st December 1982, reflecting a net profit of

A dividend of Lit. 1,600 per share (1981: Lic 1,400) was declared, which will be payable as from 19th July 1983.

In their Report, the Directors state that the Company's 1982 figures are not directly comparable with those of the previous year, mainly because the 1982 Accounts do not include figures for the French and Austrian Branch Offices which were transformed into locally incorporated Subsidiaries.

The comparison is instead homogeneous for direct insurances written in Italy, where there was substantial growth in premium income, with increases of 28% being achieved in the Life Branch, 29% in the Accident Account, 30% in the Marine Account and 19% in Fire. At Lit. 1622 bn. (US \$ 118,4 m.), RAS'

solvency margin exceeds the minimum legal requirement by Lit. 61 bn. As Special Business, proposals were

adopted to split each of the Company's Lit. 10,000 par value shares into two Lit. 5.000 shares, and to increase its share capital from Lit. 64,800,000,000 to Lit. 87,480,000,000 by means of a combined scrip and rights issue. The merger of four wholly-owned real estate subsidiaries into RAS was also approved.

Directors were elected to serve for the forthcoming three-year period, and at a Board Meeting held after the Annual General Meeting, Mr. Ettore Lolli was re-elected Chairman and Mr. Carlo Pesenti Deputy Chairman, while Mr. Umberto Zanni was re-appointed Managing Director.

HIGHLIGHTS OF ACCOUNTS
RAS ONLY, DOMESTIC AND FOREIGN BRANCH OFFICES

(in US dollars)

RIUNIONE

ADRIATICA

DI SICURTA'

MILAN - ITALY

Premium Income 740,204,387 112,233,953 Investment Income Claims, Maturities and other Benefits paid 422,885,309 Insurance Reserves, Non-Life Branch 663,549,073 Insurance Reserves, Life Branch 451,687,826 Life Sums assured 3,743,524,728 Share Capital 47,299,270 General Reserves 189,334,845 8,666,492 Profit for the year

PREMIUM INCOME OF THE RAS GROUP (ITALY AND ABROAD)

2,400 2,200 2,000 1,800 1,600 1,400 1,200 1,000 SALES OF THE RAS GROUP Premium income breakdown in

1982 (in US \$) RAS (in Italy and abroad) 740,204,387 Other Italian Group Companies 144,177,901

Foreign Group Companies 949,601,570 Total premiums 1.833,983,858

Total Sums assured \$ 8,792,556,234

RAS Group,

Life Business

DECEMBER

december 1-5 6th International exhibition of "DO iT YOURSELF" december 6-9 ESMA-EUROTRICOT · European knitwear exhibition december 8-12 EXPO DETERGO '83 - Exhibition of equipment, services, products, and accessories for laundry, drycleaning, ironing textiles, cleaning, and allied

The Milan Fair Organization disclaims all responsibility for any changes in the dates announced as above. Information: Fiera di Milano, Largo Domodossola 1, 20145 Milano (Italy) tel. 345.32.51/2/3/4, cable Fieramil, telex 331360 EAFM I.

ITALY

Industry: Signals Of Serious Decline

ROME - For Italian industry, the bad news all arrived in April. Overall industrial production in April fell 14.2 percent, against a record April 1982. This followed production drops of 6 percent in January, 8 percent in February and 8.2 percent in March.

It was also in April that the country's four-party coalition government fell and that early elections were set for June, virtually guaranteeing months of political instability and threatening Italy's long-awaited econ-

In addition, the first wave in what promised to be a long series of bitter strikes over three-year contract renewals was seen in April. A three-sided agreement over wage indexation among industry, government and labor. which had so carefully been put together last January, began to show signs of unraveling. Finally, at the end of the month, Italy officially registered its 36th straight month of recession, marking a three-year iversary of sorts.

"I haven't seen a situation this delicate for Italian industry in the last 23 years," said Mario Boselli, president of the Italian textile industry association. Unofficial reports indicate that industrial production has since recovered some ground in May and June. Another positive sign is that electricity demand, widely regarded in Italy as an indicator of industrial strength, rose 1.1 percent in June, the first such rise in the last

These factors, however, are more than outweighed by negative ones. Following the June 26-27 elections, Italy is still without a government and is likely to remain that way indefinitely, so complicated — and so is likely to remain that way moetumery, so component, any hope of torging a new economic policy for industrial recovery is gone. And with the August vacation season approaching, the setting of a new economic policy — not to mention the constitution of a new government — could policy — not to mention the suturn.

policy — not to menuon use continue be delayed until well into the autumn.
One economic think tank, Promoteia, One economic think tank, Promoteia, in Bologna, has already predicted that Italy's gross national product will decline between 0.5 percent and percent for 1983 after a fall of 0.3 percent in 1982. Predictions originally had been that it would rise between 0.5 and I percent. Moreover, most analysts think that Italy will fail to reach its goal of reducing inflation to 13 percent by the end of the year, and that it will probably stay at the present 16 percent.

Case to treat

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IUNIONE

DRIATICA

SICURTA'

MILAN - ITALY

Nor is much progress expected in reducing runaway government deficits. Meanwinie, industry's contract re-negotiations with the unions and which affect 1.5 million workers, have reached an impasse and major new strikes are considered likely. Frida neve

More optimistic estimates are given by ENI (Ente Nazionale Idrocarburi), Italy's giant state holding company for energy and chemicals. GNP should grow by 0.3 percent in 1983, ENI estimates, and then by 3.2 percent in 1984. The net fall in industrial production for this year will be converted to the state of the state only 1.5 percent, followed by a rise of 3.3 percent in 1900. Earl percent that the government's statistics relating to industrial production for the first half of this year are significantly exaggerated and do not take into account several important sectors in the Italian economy.

As a state-owned company, one of ENTs purposes, company sources said, is to serve a counter-cyclical function by stimulating the economy at times of recession—such as now—through well-targeted investments.

An example is the construction of the 1,560-mile natural gas pipeline from Algeria through Tunisia and Sicily onto the the southern Italian

> ENI said its 1983 investments in many war accounters said, should go some foreign investments will. Its activities, sources said, should go forward as planned, even in the absence of a government. The one forward as planned, even in the absence of a government is needed to ENI said its 1983 investments in Italy will not be reduced — although exception is the chemical sector, where a government is needed to coordinate and give final approval to an agreement signed by ENI and privately owned Montedison.

المعالمة المساد Italian industry had been counting on help from two different sources, and by now both of these hopes have faded. First, it was thought that economic recovery in the United States would eventually translate into recovery in Italy as well, but it now appears that Italy, like France, will fail to get any assistance from a resurgent U.S. economy because of built-in structural weaknesses and ineffective government policies.

Secondly, the combination of the drop in oil prices and the devaluation of the lira against other European currencies last March was expected to give Italian exports a boost. It has not and, experts think, probably will not. Exports of clothing, shoes and furniture, for example - traditionally



Concern Over New EC Agricultural Policy

10 EC governments have been embroiled for many months in a series of grueling negotiations in an effort to work out a new policy for Mediterranean products

prior to Spanish and Portuguese accession. The aim is to set up a system that would provide elements of support without stimulating the production of surpluses — as has been the bitter experience with products like milk and cereals — but the issue has so far defied solution.

Some experts believe, in fact, that it is impossible to have a support system that does not encourage overcould soon be dwarfed by lakes of wine and olive oil produced in Italy, Greece, Spain, Portugal and south-

controls and "safeguard clauses" in order to counter-ward that the golden years of Italy's relationship with balance the impending arrival of Spain and Portugal the CAP can continue.

dollar's continuing strength against the lira.

more than 70 percent.

three of Italy's strongest export sectors — have declined between 10 and

12 percent in volume in recent months. Whatever gains Italy has realized

cause of lower oil prices and devaluation have been offset by the

Overall operating capacity in Italian industry stood at 90 percent in

llen to 82 percent. By the end of April of this year, it had sunk to a little

The impact has been felt in all industrial sectors, although in some

worse than others. Considering "traditional" industries, steel production was down 24.6 percent over the first four months of the year, auto sales

declined 15 percent in April alone, and chemical production had dropped

7.6 percent. Declines in other industries over the first four months were

registered in food (1.2 percent), textiles (10.4 percent), minerals (11.4

ranks fourth in the world among OECD nations, production has dropped

One of the few bright spots in Italian industry is Fiat, which has achieved a turn-around in its bread-end-butter automobile division by

April 1980, when the current recession began. By the end of 1982, it had

with increased curbs on imports from North Africa

It remains to be seen how successful Prime Minister Margaret Thatcher of Britain and West German Chancellor Helmut Kohl will be in turning the screw on agriculture, but most governments realize that the community could soon end up broke and politically bankrupt if limits on farm spending are not imposed

Because of the underdeveloped nature of Italian agriculture, against other areas of the community, the country will be sheltered from some of the worst production and they forecast that the EC milk lake ravages of the expected spending purge but it will not

The future development of Italian agriculture will then depend on the shape of the Mediterranean policy As the community struggles with this conundrum, adopted by the 10 in order to allow the future 12the pressure for greater protection against external nation community to function efficiently but econo-competitors has increased. Italy has been one of the mically. But it seems difficult to imagine that with all states in the forefront of the battle for tighter tariff the financial stringency and the EC's expansion south-

> cutting jobs, installing robots, spending money on necessary investments and developing an extremely cost-conscious production system. By reducing costs in a declining market, Fiat is beginning to look toward making a healthy profit.

One of the reasons for Fiat's success, analysts feel, was its ability to stand firm against union demands during a 1980 strike, a situation that led to the now legendary march of 40,000 Fiat workers through the streets of Turin in deliance of the unions asking to return to work.

Another bright spot in Italian industry continues to be the small and medium-sized companies, often family owned, in northern Italy. Active in many sectors, including even such industries as steel, normally reserved only for large corporations, these companies have been successful because they are extremely adaptable to fast-changing market conditions and because they are small enough to be able to let workers go or to shift them to other positions when necessary without facing union opposition.

While the unions themselves recognize that layoffs and job shifts are

reent) and clothing (11.8 percent). In the important machine-tool industry, where Italy ranks second in Europe, domestic orders are down necessary to structural reform and industrial recovery, there is a lack of 32.5 percent and export orders 26.7 percent. Even in the arms industry, consensus over how this can be done. There is no consensus between where production often holds its own during a recession and where Italy unions and industry, between the unions and government, between state and private industries, between different regions and between the unions selves. And, in the meantime, there is no government either. Italian industry may have to wait a while yet for some good news.

— ROBERT WAZEKA

ancial empire got its start in 1969

New Fortune-Builders Share a Talent For Fast Moves in Finance Market

networks together could this year

when he concluded a deal to buy 52

tance left him by his father, who

days of every week

vetti, Zanussi, Buitoni - are still very advertising revenue to go with it - mutual funds were not legal in Italy) much a part of the nation's economic than the second (and smaller) chan-centering on real estate investment

But in recent years a variety of bright newcomers has arrived, particularly in the fields of real estate and finance. One explanation for this is that while the inflationary thrust set off by the oil crisis of the early 1970s has had far-reaching negative effects for industry, it has facilitated those able to make a living through use of the financial markets and involvement in the growing tertiary sector.

fortunes have been built by men with no solid industrial experience behind Rusconi, them. What Silvio Berlusconi, Giuseppe Cabassi and Orazio Bagnasco have in common — other than sharing the contemporary financial lime- is a meteoric rise in finance that had its origins in gigantic real estate operations of one type or an-

Silvio Berlusconi, 45, from Milan, began as a contractor, went into real estate and recently into publishing and the rapidly develop-ing commercial television sector. Rizzoli publishing company. Mr. Berlusconi's first major coup was the construction and sale of "Milano 2," a landscaped modern satellite city outside Milan that

ouses more than 10,000 people. Using his holding company Fininvest, Mr. Berlusconi is engaged in attempts at funding his current real estate project, "Milano 3," apparentand services. ly with somewhat less success. But his

In 1979, Mr. Cabassi emerged with first venture into commercial television, a private station called Telemi-the controlling interest in Rinascente. lano that began operating in 1976, the major Italian department store has now become the nucleus for the chain.

> Last year Mr. Cabassi was frequently mentioned as a possible pur-chaser for the Rizzoli Milan daily. Corriere della Sera, but negotiations appear to have come to a standstill.

Milanofiori, a commercial center being constructed at Assago on the Milan-Genoa autos rada that is expected to become headquarters for scores of major Italian companies as well as for the Italian world trade center being sponsored by CONFIN-DUSTRIA, the Italian national manufacturers' association. His major problem, insiders say, is liquidity and this could be greatly eased if land values for the MILANOFIORI area continue to rise.

A third newcomer is Orazio Bagnasco, a 56-year-old financier originally from Genoa whose current fin-

ROME — Italy's industrial pion"Channel Five" network that now with the establishment of a Swissers—among them Fiat, Pirelli, Olihas a larger TV audience—and the based mutual fund (until this year nel of RAL the Italian state television and leasing.

network, and as of the latest statistics Mr. Bagnasco's then unequaled released early this month, more spectorainchild was the creation of a tators than RAFs first channel four network of about 1,200 door-to-door salesmen who, selling his fund, were As if this was not enough, Mr. said to collect between 100 billion Bertusconi — who had no previous and 150 billion lire a day from Italian publishing experience or interests — family savings.

has purchased at least a third of the Like Mr. Berlusconi and Mr. Caconservative Milan daily Il Giornale bassi, Mr. Bagnasco first attracted Nuovo and set up a new network. major public attention when he made RETE 10, that has bought the rights a conditional offer to buy up the to Italia Uno, a second popular pri-Over the last few years several new vate TV network that had been estab-real estate empire in the late 1970s. lished by veteran publisher Edilio Then, in 1980 he used his holding company. FIMPAR, to stage what Late last year insiders were pre- has been termed a brilliant financial dicting that the two Berluscons operation that left him with a controlling interest in the CIGA chain of

count on between 350 billion and 400 Italian luxury hotels, billion lire of advertising. Mr. Berlus-Vice president of the Banco Amconi's chances to reach this record brosiano until shortly before its colwere further improved last month lapse after the disappearance and subsequent murder of hank president percent of Sorrisi e Canzoni TV, Ita- Roberto Calvi last year, he also pury's single most popular television chased 44 percent of Valuar tourist magazine from the heavily indebted villages from Fiat. His latest coup was authorization in early July by Giuseppe Cabassi is another type CONSOB, the Italian securities and of mover and shaker. Milanese, now exchange commission, for the publi-54, he is known for his ability to cation of offer documents for two transform the vast real estate inhen- new Italian mutual funds.

All this is not to say, however, that owned a series of sand quarties out- the only new fortunes being made in side Milan, into an empire of finan-tial interests that ranges from insur-new industrial empires have also ance (six of Italy's top companies) been constructed by relative newand stocks, to hotels, tourist villages comers.

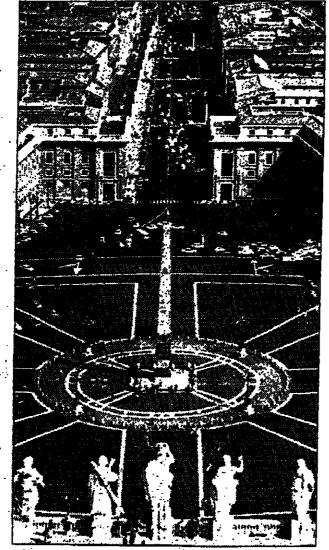
One example is that of the Benetton family. In 1966 the four Benetton siblings — Luciano, Giuliana, Gilberto and Carlo - began a small knitwear company that over the years has mushroomed into an industrial operation that at last count involved the annual production of more than 20 million wool and cotton sweaters and pullovers, seven million pairs of pants and But Mr. Cabassi's major project is yearly sales of more than 400 bil-

> The Benetton's seven trade marks the best known are Benetton and Jean's West - are sold throughout the world in more than 2,000 franchised stores.

> Another force that must be reckoned with is Calisto Tanzi, the 44year-old head of the extensive Parmalat empire. Mr. Tanzi's lone-conservation milk and whipped cream, his yoguri, dairy deserts and well-packaged junces are now sold throughout the world, for an annual turnover of close to 500 billion lire.

> > - SARI GILBERT

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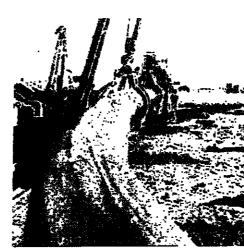
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ITALY



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Hidden, Illegal Economy Bolsters Gross National Product

By Daniela Iacono

ROME - Giovanni, a clerk at the draft board, did not seem like much of a worker. He habitually came in late, left an hour early and took daily coffee breaks that looked more like business lunches.

But Giovanni - not his real name - is really what anyone would call a workhorse, who puts in an average of 12 hours a day at three jobs. In the morning, he clocks in at his official job at the draft board, on which he pays taxes and receives ample social benefits. Because of Italy's powerful unions and stringent job protection laws, chances are he would never be fired even if he did not do another stroke of work throughout his career.

In the afternoon, Giovanni works as an accountant for a small shop in Rome, and in the evening he sells tickets at a local movie house -- both off-the-books jobs on which he pays no taxes. Giovanni is one of an estimated 6 million Italians who regularly beat the system in Italy, either by working at two, three or four 'second" jobs or by toiling away at jobs and industries that just do not exist on paper anywhere.

Italy's "submerged economy" of moonlighters working long hours at various jobs or producing goods in a myriad of small workshops in their homes, garages, cellars and even kitchens, is costing the Italian government millions of line every year in unpaid taxes. But as Italian economist Luigi Bruni said, the sub-merged or invisible economy is "Italy's salvation." It allows millions of people like Giovanni to make ends meet, adds tremendously to the national product.

Benetton, the major Italian knitwear and casual enables Italian businesses to fight off Third World clothes maker, officially employs about 1,600 people,

A recent conference of economists in Rome concluded that the invisible economy, if counted as part of the country's production, would raise Italy's gross domestic product by at least 25 percent. Franco Ferrarotti, a sociology professor at the university of Rome who heads a study on underground workers, estimated that the submerged economy was as high as one-third of the country's official gross domestic product, put at \$337 billion in 1982.

Other examples of economy all Italiana: The province of Naples is said to be the largest exporter of leather gloves in the world, exporting an timated 5 million pairs a year, although as Mayor Maurizio Valenzi pointed out, there is not one glove

factory in the area. An estimated 90 percent of the world's ski boots come from the northern Italian town of Montebel-lumo, even though, again, no officially registered boot factories exist there.

In Lumezzane, a small community in the footbills of the Dolomite mountains, large mechanical concerns dole out unregistered work to small family-run cottage industries. The larger unit usually subcontracts to a small workshop some specific job that is economically unleasible for the larger concern to integrate into its production. In many cases, the larger workshop even provides the necessary machinery for the smaller unit, which is often run by an employee of the larger plant, working in his free time.

workshops to the designs and standards set by the underground economy, the startling conclusion is that

bigger company.

Several caramies factories in Rome, which manufacture some of Italy's world-renowned tiles, have been Mr. Ferrarotti. "They know Italy is much wealthier known to change address overnight, moving from one remote corner of Rome to another to escape fiscal

But employers and employees alike seem content with the situation. "Everyone benefits," said Francesco Peddelay, a stockbroker at the Bank of Rome. The owners don't have to pay steep social benefits and the illegal workers don't pay any taxes. You stroke my back, I'll stroke yours is the system."

"I'll always work illegally," said Pino, a 26-year-old "unemployed" Roman who has been working since he was 15. "You get paid more, you get to keep all the money and it's easier to move in and out of jobs." The only apparent loser in the arrangement is the talian exchequer — but even there benefits are had.

Since the European Economic Community redevelopment fund was first established in 1975, Italy has received more than \$2.4 billion - the largest of any member country. Italy receives some of the lowest interest loans available from the European Development Bank and is one of the largest net gainers in terms of budget contributions against aid received from the community. It is also one of the largest recipients of agricultural subsidies. Italy's traditional plea for aid would be radically changed if the sub-

merged economy was taken into account.

When it is considered that Britain's gross national

competition and restores fluidity to the country's but it gives work to an additional 10,000 all over product is roughly equivalent to Italy's official GNP otherwise stagmant job market. Italy is a far richer country than Britain. "The EEC in Brussels is very unhappy about the situation." said

Rece

Moto

than it looks on paper."

The growth of the moonlight economy has been traced to the late 1960s when Italy's industrial north was torn by labor strife, which started a wage explo-sion that binned the competitive edge of many big companies. Employers pay about 50 percent of a worker's salary in social security contributions each

Mr. Ferrarotti said he believed the situation will slowly change. "The young people are really paying the highest price for this situation because they just can't get that first job; only people who already have an official job can get work." he said. He said Italians, who are reticent about their activi-

ties, are also tired of "living clandestinely.

"They want to come out of the catacombs." Customs and tax officials have recently stepped up their campaign against tax evasion. A new law requires all Italian business to buy new, expensive cash regis-ters and provide proof of payments for value added tax. This law will eventually extend down to the lowest Italian vendor, including street vendors, barbers, beauty parlors and cobblers.

But most observers believe that this regulation, like hundreds of others before it, will be regularly circumvented and ignored by most Italians and that Italy will continue to bubble energetically beneath the surface

Banking: An Industry Continues to Modernize

By Robert Wazeka

ROME - The modern banking system, as it is known in the Western world, originated at the Banco di Rialto in Venice in 1587 - and in Italian banking nothing has changed in the 396 years since. This joke is heard often in Italy,

and it is easy, on the surface, to understand why. Walk into almost any Italian bank and you will notice an absence of queues, a crowd of angry people and a mass of bank employees sitting around doing nothing or talking or walking end-lessly back and forth to get incomprehensible forms stamped and signed and filled in. The simplest transaction, such as cashing a

check, can easily take 45 minutes. Open an account and you will cover that the interest rate you receive is negotiable. Deposit a check you have received from another party, even from the same bank, and you will discover that you may have to wait weeks before you can write a check against it for cash. Fees must be paid for the most routine of procedures, such as receiving a simple statement of your account. Banks, you will find,

and are changing and modernizing inflation. faster than many people realize.

the public areas of banks inaccufor instance, have shown that when the top. And Italy's central bank,

respected in the world. Umberto Agnelli, vice president of Fiat, said in a recent article that banking was the the only sector of Italian business to be generally

the Bank of Italy, is one of the most

Long criticized for its resistance to change and for its unwillingness to allow new competition, the Italian banking system has begun to show some flexibility. This is best illustrated by the Bank of Italy's decision, announced on July 1, to remove the credit ceiling or massimale, which limits the total amount of money that banks can lend.

The credit ceiling was first imposed 10 years ago. Each year the Bank of Italy would allow total are never open in the afternoon or credit availability to increase only on Saturdays. It is easy to see why by a certain specific percentage, only 56.5 percent of Italians have a always set below the anticipated But appearances here are deceivwas regarded as a fiscal policy tool
ing. Italian banks are more efficient for helping to contain Italy's high
and are changing and modernizing inflation

The chaos that one encounters in which the ceiling was lifted, however, reflect the traditional caution of rately reflects what is going on the central bank. The action ocbehind the scenes. Several studies, curred at a time when loss demand was low enough already to fall beall banking activities are taken into low the present allowable credit account, Italian banks rank about ceiling. This made a sudden up-in the middle on various scales of swing in credit demand, which efficiency in comparison with could potentially fuel another banks in other countries. In terms round of inflation, unlikely. Still, of profitability, they rank close to the bank took the additional step of calling in leaders of about 20 major Italian banks. Together they worked out an informal agreement, only days after the amouncement that the ceiling had been removed, to hold credit expansion to 14 per-

cent through the end of 1983. This would be just under the anticipated yearly inflation rate of 16 percent. Another area in which Italian banking is beginning to change is in automation. By October, a new Bancomat automatic teller system -- a first for Italy -- is expected to be operative in 270 banks out of a countrywide total of 1,079. The system should be operative in all

banks in Italy by October 1984.

The Italian Banking Association (ABI) is spending \$1.4 million to advertise the new system. More importantly, Italian banks, spearheaded by ABL are moving toward the implementation of a comprehensive national system of elec-

years in modernization," said one Italian banker. "But we are hoping now to turn that to our advantage by installing a completely new system all at once - the way defeated countries like Germany and Japan did with their steel industries after World War II. In steel, they are actually ahead of the United States, which was not forced to turn to such wholesale modernization. We hope to be able to do the same in banking: to jump ahead of other countries in one big step.

Italian banks have recently come under criticism from both unions and industry for being too concerned with such things as automation and profit-taking, and not concerned enough with playing the central role they should be playing in the country's economic recovery by lowering interest rates. In March, ABI announced that the prime rate would be lowered to May 3, it was brought down still as low as they can while still mak-further, to 18.75 percent. In April, ing profit. They maintain also that

This, bankers argue, is proof that

Rome-based financial journalists.

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meanwhile, the Bank of Italy lowered the discount rate to 17 percent from a previous 18 percent. This means that the present gap between the prime lending rate and the discount rate - the rate banks themselves pay for borrowing — is only 1.75 percent, against 3.5 percent in January 1982.

tional Herald Tribune.

19.5 percent from 20.0 percent. On they are doing their best to get rates as low as they can while still mak-

the gap between the present prime rate (18.75 percent) and inflation (16 percent) is only 2.75 percent. which is lower than in almost every other industrialized nation.

For the general public, however, as well as for both industry and labor, Italian banks are seen as pro-viding inefficient service while charing high interest rates and taking in large profits. Italian banks clearly have an image problem.

Film: Waiting for the Next Revival?

(Continued From Page 7S)

for helping to contain Italy's high inflation.

There is no question that Italian day convention earlier this month banks have lagged far behind those involving the Italian film association other countries over the last 20

(ANEC). ANEC recently took the step of creating a new company called "Politalia" for the sole purpose of improving sound and pro-

As for the "crisis" in the cinema industry, convention delegates were quick to point to external factors. "The decline is a consequence of a flashy and ferocious anti-cinema campaign conducted by the television industry," said Franco Bruno, president of AGIS. Italy is still the only major industrialized country not having a law requiring that a certain minimum percentage strong diences to the dozens of private television channels that flood the Italian airwaves, many of them illegal and many of which seem to show nothing business is the pirating of video cassettes, an industry that, according to some sources, now has an annual turnover of as much as \$700 million.

(Continued From Page 8S)

mass union rally. Critics of Fan-fani-led economic policy said the scala mobile was only the tip of an

iceberg. Employment, for example, is probably still falling, an unpleasant truth underlined by Fiat's decision late last month to reluce as

scheduled about 17,000 employees who have been on state-subsidized

Unemployment is currently re-

gistered at 9.2 percent, according to Italian government figures, but

state and European Community

economists believe the true figure is

closer to 11, even taking into ac-

count the huge submerged econ-

Another major headache is the

balance of payments deficit that has been sidestepped repeatedly by

Election, Economic Hope

tographic and audiovisual associa- of the films shown on private tetion (ANICA) and the national levision be domestic productions, work for such "protectionist" legis

RAI, which telecasts on three different channels and which shows a high percentage of Italian-As for the "crisis" in the cinema diences to the dozens of private

piling up foreign debt. Also crucial are the difficulties many large Ita-

lian concerns find in competing in today's markets as underlined recently by an acrimonious dispute with the European Community

Despite those failings, many of

the actors on the Milan bourse and

Other key Italian markets ask

whether a weak center-left coelition could do better than its pre-

Among the front-line runners for

the premiership, Socialist leader Bettino Craxi is felt by some to be

too close to union interests, aith-

ough others say that a man with such a strong ambition to lead a

government should be given a chance to do so in return for fewer

Socialist seats in the cabinet.

over steel production quotas.

INTERMETRO: the solution of urban transport

(intermetro

is a company that designs and builds complete metropolitan and suburban transport systems. The fields in which Intermetro carries on

its activities are as follows:

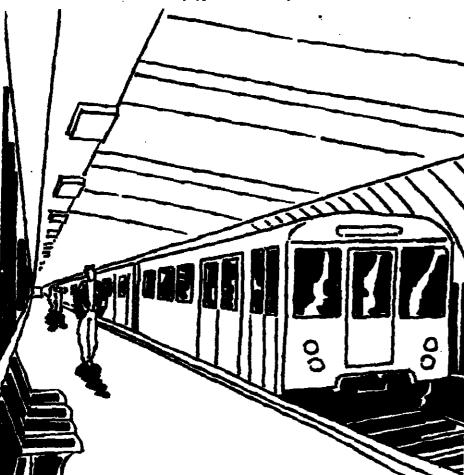
- the study of general transport planning;

- the design and start-up of railed metropolitan transport systems, of both traditional and innovatory types; the turnkey construction of transport systems, with the solution of all the intermediate problems involved, these running from engineering and financing through operations assistance.

has nine shareholders, of which five are companies most of whose shares are held by the Italian state.



(intermetro



Ansaldo: belonging to the IRI-Finmeccanica group, designs and builds complete electrified transport systems and the equipment for them; its systems are in use in the Rome and Milan undergrounds, and in the railway traffic switching yards of many Italian cities.

Breda: belonging to the EFIM group, builds electrical locomotives and carriages for the undergrounds in Milan, Washington and Cleveland, and has supplied electric trains for the railways of Chile and India.

Condotte d'Acqua: operates in the field of the design and construction of every kind of civil works. It carries on substantial activities on the international level, for example in Russia, Iran and Japan, and recently bored the Mont Blanc

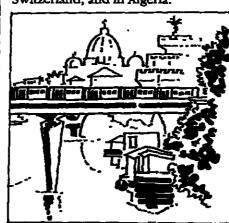
Ercole Marelli: operates in a great many sectors concerning electronics and electrical machinery; it designs and builds power-supply, control, and trafficautomation systems.

IMI: its operations are carried on in industrial share-holdings and in the financing of research and development programs internationally; among other things, it carries on export-financing programs.

Italstat: belonging to the IRI group, takes part in Intermetro through Italedil; the manifacturing activities of this group are tied to the construction of transport systems in the metropolitan transport sector; it also makes traffic studies.

Cogefar: designs and builds railways, motorways, and metropolitan transport systems. Its most important railways at

the international level are in the Cameroons, in Australia, in Italy, in Switzerland, and in Algeria.



Fiat Ferroviaria Savigliano: manufactures stock that is rolling on the rail systems of thirty countries around the world; it is part of the FIAT group.

Impresit: this company too belongs to the FIAT industries group; it takes part in the construction of high-prestige civil works around the globe. It has built railways in Italy, Africa and Iran for a total of 2000 km.. It has also built more than 25 km of underground metro systems in Italy, Austria, Canada, and the USA.

Having built the Rome Underground, Intermetro offers its services for the solution of urban transport problems in cities anywhere in the world.

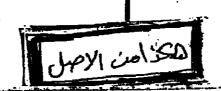


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ITALY

Recession Reaches Motorcycle Sector

 ROME — Recession at home and fierce Japanese competition abroad have dealt heavy blows to the once thriving Italian motorcycle industry, causing a dramatic drop in output and profits in the last two years. Aided by a favorable climate and sympathetic governments that erected a virtually inpenetrable barrier of protectionist measures around the home market, the two-wheel vehicle business was until recently still

Enthusiasm for the country's stylishly designed scooters, mopeds and superbikes spread to foreign markets and in 1981 more than 70 concerns contributed about \$150 million in much-needed foreign exchange for the balance of payments.

one of the most prosperous in Italy.

Even the 1973 oil crisis, causing a heavy contraction in auto sales even among speed-loving Italians, seemed to work in the motorcycle producers' favor as consumers were forced to look for ways to reduce fuel

The state encouraged that attitude, going to the length of placing advertisements in subways and other public places in order to boost

motorcycle sales and reduce the oil-import burden. That policy contrasted strikingly with government policy in Britain and other major European markets where the state tended to encourage people to travel in cars because of a high number of motorcycle-related accidents and differing industrial policies.

But despite that assistance, producers agree that for the moment at least their run of good luck has come to an end. Nowhere is the turnround more clear than in the change of fortunes suffered by Piaggio, Italy's leading scooter, moped and three-wheeler manufacturer. The Genoa-based concern's profits last year fell from 20.1 billion lire to 728 million lire in 1982 after setting aside 57 billion lire for depreciation and other provisions. Turnover improved only marginally, reaching 628 billion lire last year, against 626 billion lire in the previous year.

Output was down 16 percent to 768,000 in 1982, compared to the more

Output was down 16 percent to 768,000 in 1982, compared to the more than 900,000 vehicles produced by Piaggio in the preceding year. Exports fell to 37 percent of total production from 41 percent in 1981.

Executives attributed the setback to flagging home demand and the impact of Italy's sky-high inflation on operating margins. They added that they were pessimistic about future prospects.

Despite a major investment program that saw an injection of about 80 billion lire in product and manufacturing operation improvements, the company has had to place 3,000 of its 12,000 employees on state-stated layers.

States to The Take Motorcycle dealers say the only section of Piaggio's home market that has been relatively cushioned from the overall drop in spending is the sale of 50cc, or smaller, engine mopeds.

In overseas sales, Piaggio and the Italian industry as a whole are known to have been badly hart by the flattening out of the U.S. market. Italian exporters say a secondary effect of that contraction was that the high Japanese producers suddenly found themselves with vast quantities of

The Japanese quite simply dumped their excess output on European and other world markets, selling at competitive prices that their Italian rivals, without the same capacity for mass production, were mostly "unable to match.

Even U.S. companies such as Harley Davidson found themselves in scrious trouble. Some Italian companies found themselves being sup-planted in foreign markets of the Third World by up-and-coming local companies that discovered they could easily copy the simple technology of many motorcycle engines.

In India, for example, Piaggio's scooter manufacturer Vespa found in a legal battle with a local company called Baja with which it had previously had a licensing agreement. Italian exporters say Baja recently refused to renew the agreement, deciding instead to produce similar scooters on its own without paying Piaggio a cent, thus knocking the Italians out of a huge section of their Far Eastern market.

Piaggio has appointed a former senior executive with Olivetti, Vittorio Levi, as managing director, in an attempt to resolve some of its current

Moto Guzzi and Benelli, the two giants owned by expatriate Argentine businessman Alejandro de Tomaso, are also said to be feeling the The treatest recession at home.

—JOHN PHILLIPS

Police Mobilized in National Bid to Stamp Out Organized Crime

ROME - Italian police are leading the fiercest battle ever against organized crime here, believed by authorities to have replaced terrorism as the greatest threat to Italian society.

In recent months, Italian magistrates in the south have stepped up investigations into the illegal activities of the region's criminal underworld and the related bloody gang wars that in the last three years are estimated to have taken more than 1.000 lives.

Last month, investigators in the Naples area ordered a police sweep that in 24 hours netted 454 suspected members of the Camorra, as the local criminal underworld is called. The total number of arrests resulting from that inquiry has so far reached about 600. In Palermo, too, magistrates are trying to prove the Sicilian Mafia's ties to the international heroin trade and with it its grip on the Sicilian and Italian economies,

Although terrorism has not disappeared from Italy — as was demonstrated by the murder by terrorists on June 26 of Bruno Caccia, a Turin district attorney - it has declined sharply over the last year and a half.

Interior Minister Virginio Rognomi, a Christian Democrat, attributed the decline of the Red Brigades and other leftist terrorist groups to the combination of increasingly effective police methods, a change in the Italian political and cultural climate and the arrests of several leading terrorists following the police rescue of U.S. Brigadier General James L. Dozier in January 1982.
With the decline of political violence — there have

been only two political murders by terrorists so far this year - Italy's police and carabinieri have shifted their attention increasingly to organized

This first became evident in June 1982, when

Carlo Alberto dalla Chiesa, a carabinien general who for years had been the leading figure in the fight against terrorism, was transferred to Palermo to head the battle against the Mafia. Three months later he and his wife were murdered in a Mafia

"At this point the Mafia is more dangerous than terrorism," said Giovanni Falcone, a bearded Palermo magistrate who has been working full-time on anti-Mafia investigations since 1980 and who nowadays goes nowhere without a heavily armed

police escort. In the first place, Mr. Falcone said, the Mafia has deeper social and cultural roots than terrorism and is more insidious since it works through exploiting the system rather than trying to destroy it. Secondly, he said, unlike the United States where crime profits are generally reinvested in illegal or semi-legal activities like gambling, in Italy illicit earnings from heroin smuggling are being increas-ingly poured into legitimate businesses with a

Once a rural-based Sicilian hierarchy run by respected local "dons" who gave tradition and complex codes of honor the same importance as power and wealth, today's Mafia has become a multimillion-dollar international business based on a massive heroin smuggling industry said to bring profits — the so-called "narcobre" — of close to \$1 billion a year.

Experts believe that Sicily's geographical posi-tion in the Mediterranean, the Mafia's long exper-ience in cigarette smuggling and its basic solidity as an organization — despite a current two-year wave of gangland violence - explain its current role in international narcotics smuggling.

The fact is that since 1977 when a crackdown by French and American police successfully closed

down the "French connection," Palermo has replaced Marseilles as the central refining and distribution center for Western parcotics. The Mafia's new-found enormous wealth has given it worrisome ties to the world of legitimate Italian finance, Mr. Falcone said, a development that contrasts with old assumptions that the "feudal" Malia of the past with its charismatic leaders and strictly observed territorial fieldoms was a symptom of Sicilian economic underdevelopment and in time would disappear.

Instead, investigators say, the Mafia left the countryside and, prospering though rackets, kidnappings and eventually drugs, installed itself successfully first in Sicily's cities and later in other

Although the Naples-based Camorra, with its complex membership rituals, goes back more than a century, Italian police in the area believe that the astonishing rise to power and predominance of the jailed Camorra leader Raffaele Cutolo — once one of scores of minor eigarette smugglers in the area years ago by the Malia, Mr. Cutolo, known variously as O Sommo, the highest one, O Zio, the uncle, or O Vangelo, the gospel, is opposed by other bosses in the area who have now regrouped in a loose alliance called the 'new family

However, since the earthquake of November 1980, with its shattering effects on the local economy, his "new organized Camorra" has merged salaried members into a giant organization with thousands of "salaried" members, or comparielli and enough clout to demand "contributions" half of the 52,000 shopkeepers and merchants in the Naples province.

The crackdown on Mr. Cutolo's organization that began last month has been traced to the

confessions of several ex-Camorristi, chief among them a former Cutolo lieutenent, 41-year-old Pasquale Barra, known as O Animale, the animal.

But according to the Naples prefect, Riccardo Boccia, who in a special report to the interior minister earlier this year described the Camorra as an organization that has set itself up as an alternative to the state, it will be impossible to defeat the Camorra as long as Naples has 140,000 unemployed and the surrounding province a total of 340,000.

With potential informers too frightened by the harsh punishments meted out to those who break the iron rules of omeria, or silence, getting at the Masia has so far proved even more difficult. Today, however, magistrates in both areas are relying increasingly on their new powers to delve into bank statements, company finance sheets and other personal documents of suspected Mafiosi in an attempt to get at them by pinpointing the illegal sources of wealth.

But because the Malia's long-standing practice of corruption, courtship and, when necessary, blackmail has given the criminal underworld strong ties to at least local political and economic notables, it is not going to be easy. "It will be a very long struggle for us," said Mr. Rognoni, who noted that the Mafia's traditional role as a parallel institution in rural Sicilian society makes it harder than

terrorism to isolate in the eyes of public opinion. Others blame the dominant Christian Democrats, Italy's largest party, who since World War II have viewed Sicily as a prime reservoir of votes. With the Mafia being seen as an anti-communist bulwark, the tendency was to allow it to operate and now it has gotten too big to control, the critics

- SARI GILBERT

Palermo's New Mayor, a Woman, Faces Challenging Urban Problems

PALERMO -- On the surface, the recent election of a woman mayor in Palermo, the capital of Sicily, appeared to be an unexpected move by the local Christian Democratic Party in the name of change and

progress.

The election last April of Elda Pucci was greeted by excited headlines in both the Italian and foreign press.

A respected pediatrician and hospital administrator with a gentle but firm manner, Dr. Pucci almost overnight - and apparently much to her own surprise -became the first woman mayor of any major Italian

But, however pleasing in principle her election is to Italian feminists, the chances for real change under Dr. Pucci are limited. Moreover, progressives are concerned about the ongoing economic and social deter-ioration of the Sicilian city that investigators now believe the Malia has made into a major heroinsmuggling center.

The most cynical in Palermo see her designation by the dominant Christian Democrats — the city's most powerful party, which has controlled the local government for the last three decades — primarily as a calculated "look how we've changed" operation by the party that also served to at least temporarily paper over its own sharp internal differences.

problems -- she has promised to look at housing and recreation areas, and a downtown area that has deter-

decentralize cultural and sports activities — are con-cerned that her weak position as an obvious — the developed West. By day, the vucciria, a sprawling central market that compromise candidate will work against her pledge to

'run things my own way." Still others, made wary by the mayor's own low-key assessments of the city's ills and their causes, believe Dr. Pucci is not much more of a mover and shaker than the long list of her disappointing predecessors. With 43 percent of the vote in the province of Palermo, critics said, the Christian Democrats see no real need for change in the area and would be loathe to rock the

Years of neglect by local anthorities and the central government have caused law and order on the island to deteriorate to the point where gangland wars take as many as 300 lives a year in the Palermo area alone.

In addition, economic and social conditions in Palermo are alarming. Although sixth among Italy's cities in terms of consumption, Palermo with 700,000 inhabitants has more than 50,000 unemployed and ranks 72d in terms of income production. Failure to act has left the city with water supplies that are so is as much a feature of life in northern cities like Milan inadequate that last fall Prefect Emanuele de Francesco, Mr. Dalla Chiesa's successor, ordered all private wells in the city taken over by the government.

Some, who give credence to Dr. Pocci's avowed

The city has poor transportation and sanitation intentions to deal with some of Palermo's trickiest facilities, a lack of public schools, a dearth of park and

unemployment, to close the city center to traffic and iorated to a degree that some say is unprecedented in

closely resembles a North African souk, is bustling and alive as vendors jostle each other and buyers. By night, the same area is deserted, with building after building abandoned to an assortment of stray cats and scampering mice. The results of years of city housing policies that encouraged profitable private construction in ugly suburban areas rather than inner city renovation, are easily visible. Thirty years ago, 125,000 people lived in Palermo's historic center, with 216 hectares the largest in Italy. Today, only 38,000 people live there, one-fourth in houses believed to be

And yet, insisted the mayor - although she admitted that Sicily has been hurt by the absence of a "bureaucratic tradition, an entrepreneurial spirit, also in the public administration" — the problems of Palermo "are those of any large modern metropolis." Furthermore, she said: "The Mafia is not a problem limited to Palermo. It may have been born here, historically, but it has spread so that organized crime

as it is here." The new mayor, who is unmarried and lives with her 82-year-old mother in an elegant downtown high-rise, is offended by the notion that all Sicilians are mafiusi, and she said that most palermitani are decent, law-

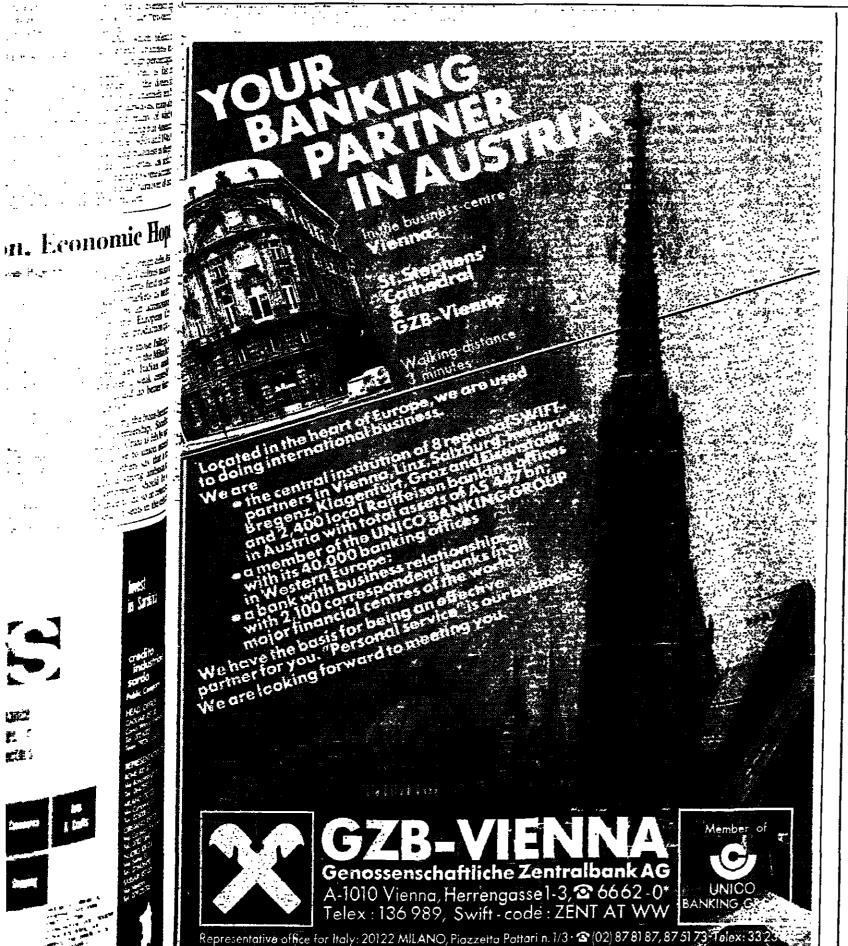
Others, however, said that the Mafia had gone unchecked for so long that it now lives in symbiosis with the city. "The Mafia touches the lives of everyone; you shake hands with someone, even someone you would never suspect, and you just never know," said Father Vincenzo Noto, a priest who works closely with the city's outspoken anti-Mafia archbishop, Cardinal Salvatore Pappalardo.

"The fact is that the Mafia is so deeply involved in Palermo that it has become a major support of the local economy," said a veteran Palermo newsman. He said that the degree of social control exercised by the Mafia can be seen by a comparison with Naples. "They are both economically disadvantaged cities, but whereas Naples periodically explodes, Palermo never does," he pointed out.

Interestingly enough, with Sicily's reputation for machismo, no one seems to have objected to Dr. Pucci on the ground that she is a woman. The mayor herself said her experience both in local politics and medicine - she is chief pediatrician at the city's childrens' hospital - had shown her that gender is not a problem.

"Here, as elsewhere in Italy, most people are very concrete and are quick to recognize it when a woman is good at her job," she said. "Some of the images of both men and women in Sicily have become outdated."

- SARI GILBERT



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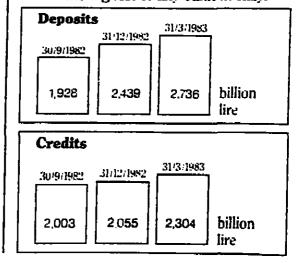
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Lebanon Mission Is Restoring Pride To Italian Military

ROME - The first major exercise in more than three decades by the Italian military, the ongoing and successful operation by the 2,000-man force in Lebanon, has brought satisfaction to Italian policy-makers long eager for a greater role in the Mediterranean and a new sense of pride to the generally low-profile and oft-berated armed forces.

In recent years, the armed forces have suffered both indirectly and directly from widespread anti-militarism left by the exploits of the Mussolini era. This has meant one of the lowest defense budgets in the West and attacks from Italian political groups, who have generally been

quick to criticize the military and accuse it of poor performance.

But for once, public and political opinion rallied around the armed forces, rather, as has often happened in the past, than raking them over the coals. This was taken by many as a clear sign that the Defense Ministry's attempts to create a new image for the Italian military has been paying off. At present, in fact, the Italian military presence in Lebanon is supported by all the country's political forces, with the exception of the radicals and some small far left groups.

After a three-week mission last summer designed to facilitate the exodus from Beirut of the Palestinian guerillas, the Italians returned to the area with a larger force on September 25 and — together with the French, the Americans and more recently a small British force - have

Last March, seven Italian marines, called maro, were injured, one fatally, when unidentified terrorists ambushed a patrol on a road running from the Beirut airport to the Burj al-Bursineh Palestinian camp. The death of a 20-year-old seaman, Filippo Montesi, brought home to many Italians for the first time the fact that the 1,998 Italian soldiers, marines and parachutists under the command of 49-year-old General Francesco Angioni were operating in a dangerous war zone.

Even the Lebanese mission got started under a cloud. The Governolo battalion's departure from Italy coincided with a terrorist attack on a military unit that gave rise to sharp criticism about the army's preparedness. And to make things worse, one of the two ships taking the Bersaglieri foot soldiers to Lebanon had a motor breakdown.

But the operations of ITALCON, the Italian contingent of the multinational force in Lebanon, seem to have made a substantial change. Although an Italian belicopter squadron has been part of the UNIFIL force at Naqoura in southern Lebanon since July 1979 and three Italian minesweepers are operating with the multinational force and observers in the Sinai that was set up in April of last year, the current Lebanon operation has put the Italian contingent back on the international

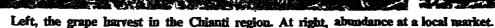
The Italians — with no superpower or ex-colonial image to overcome
— seem to have been given the most sensitive role. While the French
patrol the old city and the U.S. Marines guard the airport, the Italians' prime responsibility after last September's massacre is the central sector, which includes the Shatila and Burj al-Barajneh camps where 25,000

And although Italian Defense Ministry sources continue to say that there are no plans to enlarge the Italian contingent's present role, there has been insistent press speculation that withdrawing Israeli forces from the Shouf Mountains may eventually be replaced by Italian troops from

The first troops to go to Lebanon last summer were the Bersaglieri, with their traditional running step and black-feathered helmets. The 2,000-troop Italian contingent currently consists of infantry troops from the Montelungo battalion in Bergamo, parachutists from Lephorn's Folgore battalion, marines from the San Marco battalion and several hundred logistics troops.

Although in the early stages the troops sent to Lebanon were volunteers, today the bulk of the force is made up of regularly assigned draftees, sent with their companies for four-month tours and motivated by special salaries, which as of July 1 have risen to 3 million lire—about \$2,000—a month.





Stagnant Agricultural Sector Remains a Source of Potential Wealth

Community in 1957, Italian agriculture was considered the Cinderella of the European farming world. Vast progress has been made since then, but agriculture is still a weak feature of Italy's economy - and yet, potentially one of the richest.

The reasons for the present stagnant situation of Italian agriculture are both economic and traditional. While the industrial boom of the 1950s drained much of the potential farm labor force away from the land to the cities, the traditional farming system remains what it was generations ago.

An agricultural census carried out last year showed that productive farm land in Italy had fallen by 6.2 percent, or 4.25 million acres (1.7 million bectares), to a total of 58.1 million acres since 1971, and the average farm now has a cultivated area of about 18 acres, far less than the average EC farm. Most of Italy's 3.28 million farms are worked by coltivatori diretti or small land-owning farmers who by law provide one-third of their own labor from their families.

Only about 232,000 acres of Italian land is owned and run by large financial groups, banks and insurance companies that need to put their profits into land or building investments. Most of these are in the relatively fertile northern areas of the Po valley, Tuscany, Lombardy, Piedmont and a few in the southern

The census also showed a decrease in the farm labor force, which has lost about 150,000 workers over the last 11 years. Agricultural labor is estimated at about 14 percent of Italy's work force. "We are still one of the leading agricultural work forces in Europe," said Rinaldo Chidichimo, director general of the Italian

ROME - When Italy became part of the European Rome. "But it is largely untrained and lacks

A spokesman for the leftist farmer's union Confcoltivatori said that Italy needed more EC farming subsidies since the main agricultural problem is lack of capital. "If a young person wants to go into farming today," said Alfredo Bernardini, "he can do little without good substantial investment behind him."

And, in fact, Italy's 18 agriculture university departments seem to have the lowest calling of any university department, dropping from a total of 8,447 students in 1976 to 6,789 in 1982.

Would-be investments are not encouraged by a 16percent average inflation rate, which, despite the advantageous "green dollar" used in evaluating agricultural exports and import subsidies, means that Italian farm product prices are usually higher than other EC countries whose inflation rates are lower.

It proves cheaper to import many basics like milk products and meat (meat imports rose by 32 percent in 1982), which Italy could produce itself given a more advantageous pricing policy, lower inflation and in-

Not the least of Italy's agricultural problems, how-ever, is the weather. Most southern regions, which largely depend on agriculture for their income, have been struck by a severe lack of rain over the last three years. The southeastern region of Puglia, the heel of Italy, has had 10 to 12 inches of rain so far this year, with disastrous results.

An estimated 70 percent of the grain crop in the Foggia province plains, known as one of the bread baskets of Italy, has been lost. Although Puglia is and 4,800 pounds of apples last year contributed to a irrigated by artesian wells, sunk in some cases up to total Italian fruit export to the value of 1.107 million. irrigated by artesian wells, sunk in some cases up to - SARI GILBERT Confederation of Agriculture, Confagricultura, in lack of rain and could dry up totally.

Massimo Aliprandi of the Christian Democrat Farmer's Union, (Confederazione dei Coltivatori Diretti), which has almost 2 million members. "We should have more efficient irrigation systems, in the drought areas, for instance. A recent study shows that last year only 40 percent of Sicily's annual rainfall was utilized,

the rest went to waste." Among southern Italy's greatest sources of income are the traditional Mediterranean crops of tomatoes, olives and citrus fruits. Apart from lack of water this year, these crops are severely hampered by the small farming principle, except in the cases of large cooperatives in Puglia, the Naples region of Campania and a few large privately owned fruit-growing properties in

"The division of southern fruit growing areas into small properties means that the final quality of the product is uneven," said Mr. Chidichimo of the confederation of agriculture. "We should either standardize our products after doing market research on the type of citrus fruit we can best produce to suit deman we should expand secondary fruit markets like fruit juice and preserves." At present, large masses of second-grade fruit are destroyed every year.

Fruit farmers also see a threat from Spain's entry into the Common Market, and a flood of Spani oranges, apricots and olives on the European (including Italian) market at lower prices and for longer periods given the early ripening and lower costs of the Spanish products. Italy's total production of 16,000 pounds of non-citrus fruit, 6,200 pounds of oranges

production was still 9 percent lower than the previous.

"We are continuously being told we should invest," more and improve our crops," said a Confagricoltura: spokesman, "but we run the risk of working for the fruit garbage dumps." Transport is another problem. for the Italian fruit industry.

"We are still backward in this sector," Mr. Chidi...

chino said. "To compete with both Common Market, and non-Common Market fruit growers we need swifter and more capacious facilities such as more refrigerated railway carriages and road trucks."

One successful Italian product is wine, although," figures for this year's wine exports between January. and March show a drop of 48 percent over the same period last year. But Italian wine has advanced in. quality as well as quantity, and while agricultural. experts say there is still room for improvement and expansion, Italy, has now overtaken France as the." world's largest wine exporter.

There is concentration on quality wines rather than antity for although wine consumption in Italy has' decreased over the last two years by 15 liters percapita, and vineyard cultivation cut back by 18 percent over the last 11 years, total wine production has increased — and improved

Vineyards can also be cultivated on hill country which makes up most of Italy's agricultural land (46.5 percent) but further incentive is needed for productive hill farming. A recent convention was held by the Confagnicultura to promote development of hill farms. "We are pushing to promote livestock farming that would be most suited to our type of hilly terrain. which is difficult and expensive to cultivate for crops,"

— JANET STOBART

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BUSINESS/FINANCE

EUROBONDS

By CARL GEWIRTZ

BIS Warning on Brazil Repayment Sends a Shiver Through Markets

DARIS - Financial markets were mes I stakes poker games being played in Basel and Washington.

In Basel, the Bank for International Settlements, which has repeatedly made it clear that no major country debtor or commercial bank lender would be allowed to go bust and bring down the international financial system, suddenly warned that it would not roll over for a third time a 6400-million loan to Brazil:

The BIS bluff worked and by week's end, with President João Baptista Figueiredo of Brazil beginning an up to two-month recuperation from open-heart surgery performed in Cleveland Friday, Brazil and the Inter-

EUA long ferm ______

Market Turnover

For Week Ended July 15 (Millens of U.S. Dellars)

Cedel 7,639.40 6,693.20 944.4 Eurocleor 8,981.0 8,423.0 558.0

FLx long term

national Monetary Fund were say-ing that they had broken their long ing that they had broken their long deadlocked talks on the ansterity measures that Brazil would impose to fulfill eather pledges made to the TMF. Noncompliance with those earlier targets had caused the IMF to block any further loans to Brazil, making it impossible for Brazil to repay the BIS on sched
"Brazil to repay the BIS on sched-

With the formal signing of the agreement expected this week, the BIS announced that its overdue loan, while not formally rolled overview extensions were for a provious extensions were for a provious extensions were for a

ixed period, there is no time limit on the latest renewal, although ob-Eurocleor 8,981.0 8,632.0 588.0 Eurocleor 8,981.0 8,632.0 588.0 Eurocleor 8,981.0 8,632.0 588.0 Eurocleor 8,981.0 8,632.0 588.0 Eurocleor 8,981.0 8,632.0 588.0

The aim of the BIS was to prevent Mr. Figueiredo's scheduled surgery and long convalescence from being used as an excuse to further delay an

this accord with the IMF. At the same time, however, the BIS warning sent a but (neg shiver of fear through funancial markets —expressed as a sharp rise in the

Dollar Gets Another Boost

The dollar, buoyed by a tightening in U.S. interest rates, got a further most transport from the Federal recording Reserve's discount rate, currently 8½ percent, was imminent.

This news leak also appeared to be a bour. The reu community volcker, testifying at his reconfirmation hearings last week, told senators to expect nothing dramatic from the June meeting of the policy-making Federal Open Market Committee meeting. He did allow, however, that Federal Open Market Committee meeting. He did allow, however, that the Fed was being less accommodating to the increases in money-supply growth than it had been.

This left observers wondering whether the leaks about the discount rate.

This left observers wondering whether the leaks about the discount rate aimed at placating congressional critics of Fed policy — only a Firmoney-market rates are rising, not the discount rate — or whether they have aimed at preparing public opinion for an increase but at a later date.

One theory going the rounds was that the Fed would hold the discount rate steady as short-term rates move up and thereby encourage commercial leaks to make the results are steady as configuration. Land a Hardist to make greater use of the cheaper discount facility. According

to this theory, after several weeks of very large discount borrowings by marks, the Fed will then say it was forced to hike the rate to temper the pace of loan demand In the expectation that the robust U.S. economic recovery and sharply increasing measures of money supply will force the Fed to tighten further, edithe dollar soared on the foreign-exchange markets. It broke through the psychological barrier of 2.58 Deutsche marks to touch 2.60 DM last week

Bereft of Investors

as short-term dollar interest continued to firm, with overnight dollar

Against this background, the Euroboad market was bereft of investors. In the dollar sector, the only new issue was a \$100-million swap by Mitsui Finance. Its seven-year boads were priced at par bearing a coupon 1% to 2 percentage points. Critics observed that the coupon offered was not wildly out of line with

prevailing yields, but that there were simply no buyers of dollar paper at

present.

The swap, it was learned, will provide Mitsui with seven-year money at one-sixteenth of a point below the London interbank offered rate — the base lending charge for the majority of syndicated bank loans. What could not be learned is why Mitsui would insist on marketing paper that risks leaving a bad taste with the market for such a slim gain in its floating-rate cost of funds.

in the DM sector, where the month-long calendar dictates timing, three new issues were marketed last week but none with any great success, (Continued on Page 15, Col. 3)



M-20 personal computers being tested at Ofivetti's factory in Scarmagno, near company headquarters at Ivrea.

Olivetti Plans U.S., European Expansion

By Axel Krause

IVREA, Italy — Before going off on vacation this month, top executives of Olivetti, Western Europe's largest maker of electronic office equipment, have been putting finishing touches on major expansion moves planned for the United States and Western Europe, notably in

The moves in the United States, the most ambitious in the Italian company's history, include starting a \$100-million offshore-capital-ven-ture fund in New York in September.

Olivetti also plans to list its stock on the New York Stock Excha probably by next June, and during the past several weeks it has been studying proposals for the listing made by leading U.S. investment banks, including Lehman Brothers Kuhn Loeb and Morgan Stanley.

"It looks as if we are going to have a very exciting and busy autumn," said Elserino Piol, director of corporate strategy, who will help manage the venture fund — the latest in a series of moves by Olivetti to tap U.S. technological, financial and managerial resources.

Meanwhile, Carlo de Benedetti, vice chairman and chief executive officer, is waiting for a response from the French government on Mr. de tti's demand that France reduce its 32-percent shareholding Olivetti to 10 percent as a condition for new expansion in France by

The stake, the largest in Olivetti, was acquired by the French Socialist government last year when it nationalized the Saint Gobain industrial group, which had wanted to merge its electronics business with Ofivetti's. Saint Gobain had bought the 32 percent interest in Olivetti three years ago. Mr. de Benedetti has offered to buy back the shares. Olivetti and CIT-Alcatel, a subsidiary of another nationalized French

company, Compagnie Générale d'Electricità, recently initialed an agree-ment to jointly develop and produce at least 100,000 new-generation electronic typewriters a year at a plant in France, but Olivetti says it will not proceed with the deal until the shareholding issue is resolve "This venture with CIT-Alcatel, suggested by the French, could be very significant for us and for France, one of our largest markets," Mr. de Benedetti said in a recent interview at Olivetti's headquarters in Ivrea, in

the Piedmont. "They now have all the elements and we have laid out all our arguments, including that our original agreement with Saint Gobain ipulated cooperation. It is up to them to decide."

In Paris, a high-ranking government official involved in drafting a final commendation said the Olivetti proposals involved financial considerations—including the purchase of the shares and the building of the new plant—that he described as "very, very complex." But he strongly binted that an agreement could be completed by the end of this month.

A senior CIT-Alcatel executive said that, during their negotiations, the two companies had hit upon other possible projects for future cooperation in development of information technology, including telecommuni-

Olivetti's moves on both sides of the Atlantic reflect a broad strategy by Mr. de Benedetti to strengthen the company's position in Western Europe and to meet the growing, intense competiton from International Business Machines of the United States, West Germany's Nixdorf, Philips of the Netherlands, Sweden's Ericsson and the large Japanese companies that are rapidly expanding in the field. The work of the Japanese companies, including Hitachi, is being coordinated by Ministry of International Trade and Industry.

By 1990, the value of the office-automation market in inc countries is expected to more than double, to about \$100 billion, according to the European Community Commission. This would make it the largest single market for information technology in the West — three times larger than the market for automation of plants and manufacturing

"This is not simply mechanizing white-collar jobs, like typing, but far-reaching antomation of major sectors of the Western economies, such as banking and all the services that go with it," an EC official in Brussels said. He added that community planners were impressed that Olivetti, unlike some of its European competitors, generated about a third of its open outside Europe, notably in North and Latin America.

"In office automation, we already are No. 1 in Europe — and profitable — but our goal is to become a global competitor in this business," said Mr. de Benedetti, who, after the French, is the largest single shareholder in Olivetti, with a 17-percent interest that he acquired when he joined the company in 1978.

organized one of the most impressive turnarounds in recent European business history: Consoldiated sales roughly doubled in the past five years, reaching a record 3.3 trillion lire (\$2.2 billion) last year, and with 25 percent few workers than there were five years see Mostly than the past five Sunday. Ministers of the Organizations of the Organization of the Organiza percent few workers than there were five years ago. Mostly, the volume came from selling machinery and equipment for data-processing, office-automation and other office products, such as manual portable typerwriters, furniture and copiers.

Although the company had heavy losses in Mexico last year, net consolidated income rose slightly to 102.8 billion lire, representing about 3 percent of sales. Mr.de Benedetti says he intends to boost that proportion that the 13 member states reached that the 13 member states reached to 5 percent of sales by the end of next year, while continuing to spend heavily on research and development of new products and processes, including those that will be compatible with the new fifth-generation computers that are expected to be on the market in the late 1980s.

De Benedetti has done a spectacular job since taking over, and clearly Olivetti is perceived over here as a major power in its field in Europe, said a senior New York-based executive of Lehman Brothers Kuhn Loeb He quickly added, however, echoing the views of others in the U.S. investment community, "He may have done well in Europe, but it is not exactly the same as doing well here, although he has certainly gotten off to ressive start.

affection for the United States, which he visits frequently, sometime accompanied by his wife (who lives in Switzerland as protection against possible terrorist attacks). "A European solution without an American link is no solution," he said, "but for this to succeed, you need to be

His forging of that link began about two years ago, when Olivetti started buying substantial interests in 21 U.S high-technology companies, mostly in data processing. The investments were increased by \$14.5 million last year and now total about \$120 million. "We needed a window in the U.S. which would not prove too expensive, while also giving us access to marketing experience and research and development in fields that interested us --- we are not in Silicon Valley here," said Mr. Piol, the (Continued on Page 17, Col. 5)

Chrysler Considers Making Small Car With VW in U.S.

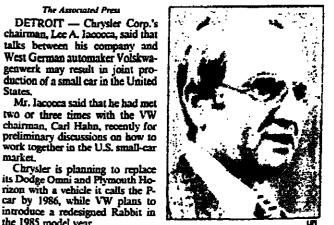
DETROIT - Chrysler Corp.'s chairman, Lee A. lacocca, said that talks between his company and West German automaker Volskwagenwerk may result in joint production of a small car in the United Mr. lacocca said that he had met

preliminary discussions on how to work together in the U.S. small-car Chrysler is planning to replace its Dodge Omni and Plymouth Horizon with a vehicle it calls the P-car by 1986, while VW plans to

ce a redesigned Rabbit in the 1985 model year Mr. Iacocca also said he wants to "explore every possibility" with VW, perhaps using VW's plant in

Westmoreland, Pennsylvania, for some type of small-car venture. the Detroit Free Press, according to

Washington interview Wednesday. VW has been "a good partner in the past," Mr. Iacocca said, adding that he would like to see ties strengthened between the compa-



first introduced in 1977 and through the 1983 model year. ■ Mitsubishi Underided

"That might be something we would explore," Mr. Iacocca told it has yet to decide whether to pro-Mitsubishi Motors said Saturday duce cars in the United States in an article in Friday's editions. Mr. cooperation with Chrysler, which bishi, Reuters reported from To-

It denied a report in the economic daily Nihon Keizai Shimbun that it had agreed in principle on joint nies. VW supplied engines for the production and said it is still study-Omni and Horizon when they were ing ways for cooperation.

Output and Price at Meeting

ompiled by Our Staff From Dispatches HELSINKI — OPEC ministers tries are holding their regular semiannual meeting here this week, starting Monday.

in March, Dr. Subroto said: "The feeling is no — we keep prices and production where they are." The March accord set an OPEC benchmark price of \$29 a barrel. Meanwhile, Petroleum Intelli-

gence Weekly reported in its Monday issue that OPEC nations have increased oil production almost to the cartel's 17.5-million-barrel-a-The oil industry newsletter said

that OPEC crude-oil production has been well above 17 million barrels a day so far in July. The production ceiling was insti-

tuted last March to stabilize prices, with Saudi Arabia agreeing to serve as the "swing" producer, raising or its national oil company, Mohamlowering output to keep the market mad Hassan Kheradmand, to take

Many OPEC members are now nearing their alloted production away some buyers.

OPEC's output rose 1.6 million barrels a day in May to an average 16.8 million for the mouth, and was about 17 million barrels a day in June, the weekly estimated.

Despite the general air of opti-mism among delegates at Helsinki, two issues could cause problems at the two-day ministerial session the question of Nigerian overproduction and the choice of a new secretary-general for the organiz-

In recent months Nigeria's output has outstripped the 1.35 million barrels a day assigned to it under the London accord, raising the prospect that other members could press for a Nigerian price rise to dampen demand for its high-quali-

The Indonesian minister told reporters the choice of a new secretary-general to take over from Marc Nguema of Gabon could also cause problems.

over the post under a rotation system. But Iraq, at war with Iran for almost three years, has put foward ceilings, the newsletter said, and rival candidate Ramzi Salman,

Credit Markets Respond Well to Rise in U.S. Money Supply

By Robert A. Bennett

New York Times Service NEW YORK —U.S. credit markets have responded well to the most recent indication of a rapidly

nsing money supply.
M-1, the narrowest measure of the money supply, rose \$5.8 billion in the week ended July 6, according

U.S. CREDIT MARKETS

to the Federal Reserve Board. The increase was at the high end of the range expected by the financial

The Fed also reported Friday that two broader measures of the money supply rose only moderately Despite confirmation that the

Fed had tightened monetary policy a notch in May and then again in June, the credit markets responded non well to Friday's reports. The stock market, however, fell in anticipa-tion of the Fed report. The Dow Jones industrial average slid 12.02 points as investors appeared concerned that interest rates would

recomping most of the steep losses set earlier in the day. The 10% per-cent bonds due in 2012, which had For Week Ended July 15. fallen 4 point to an offered price of 90% early in the afternoon, began rising before the Fed's announce-

ment, and quickly rose another & point in late trading. By the close, the beliwether Treasury bond was offered at 914, down only % point on the day, to yield 11.41 percent. Among short-term securities, interest rates were little changed after FHLB overage.

Traders said that the rebound in

Prices rose after the Fed an-nonncement despite a growing sense that the Fed may continue to tighten monetary policy in small steps and drive up interest rates,

economist at Morgan Stanley, said there was evidence in the markets In the credit markets, prices of Friday that the Fed had already Treasury notes and bonds ended by tightened a bit further. He said the

the money supply announcement. Six-month Treasury bills, for ex-Six-month Treasury bills, for ex-ample, were bid at 9.34 percent late money that banks buy and sell in the day, unchanged from early afternoon levels. -bond prices was largely technical, and caused by the buying of specu-lators who recently were heavy sellon by the central bank usually are first reflected in the federal funds

analysts said. Charles Lieberman, a senior ing — currency in circulation and check-like deposits in banks and

CURRENCY RATES savines institutions. Interbank exchange rates for July 15, , excluding bank service charges \$ B.M. F.F. KLL Gldr. B.F. S.F. D.K.
23835 448 117365 32375 0.185 — 5582 13649 31.165
52405 78395 2481 64875 12845 - 7751 — 2445 52825
2.7965 1378 — 3125 1.69 M.7 4599 122.18 7385
1.5963 — 3295 11.863 123843 4683 7835 1224 141348
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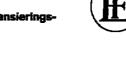
week average growth rate had been 31.2 percent on June 1, but that it had dropped to 7.7 percent by the June 29 week, and to only 2.5 per-| Correct | Corr cent in the July 6 week. "I expect it to stay below 3 percent," he said. A broader measure of the money supply, M-2, rose by \$18.1 billion during June, to \$2,115.2 billion. M-2 includes savings-account balances in banks and savings instituThe Fed's range for annual growth in M-2 is 7-10 percent. The mittee, the monetary policy-making figure was \$5.3 billion below ing arm of the Federal Reserve.

of M-2 plus large time deposits. May, a trend that many analysts longer-term borrowings from cor- expect to continue.

the upper limit, although its annual decided by a narrow margin at its rate of growth during the month was 13A percent, higher than the special telephone conference in special telephone conference in June to tighten monetary policy animal targets. June to tighten monetary policy M-3, a still broader measure of slightly, the Fed said Friday. The the money supply, rose \$21.4 bil-lion, to \$2,498.9 billion. It consists ed in higher interest rates since

Because conditions in the econononey-market mutual funds. my and the pattern of money-sup-The annual growth range for M-ply growth have not changed much since late May, many analysts have concluded that the committee

A/S Eksportfinans (Forretningsbankenes Finansieringsog Eksportkredittinstitutt)



9%% U.S. Dollar Bearer Bonds of 1983/1990

A/S Eksportimens (Forretningsbankenes Finansierings- og Eksportkredittinstituti) (the "Borrower") isaued on the terms of an agreement desed January 21, 1982, 97-8% U.S. Dollar Bearer Bonds of 1983/1990 in the principal amount of U.S. 3 100 mallion (the "Bonds"). The final instalment of the purchase price of the Bonds, being 90% of the principal amount of the Bonds, is due and payable on August 1, 1983 Notice is hereby given that:

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2. The Borrower reserves the right to accept payment of the said linel instalment in respect of any Bond at any time efter August 1, 1983, subject to payment of interest on such final instalment at the rate of 12% per annum, calculated from (and including) August 1, 1983 to (but excluding) the date of payment thereof, on the basis of the actual number of days elepsed divided by 360. Any payments of the said final instalment accepted after the due date shall be treated as having been made on the due date.

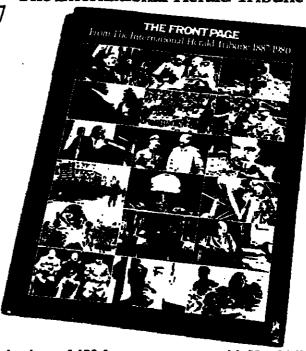
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By: A/S Eksportfinans (Forretningsbankenes Finansieringsog Eksportkredittinstitutt)

Dated: July 18, 1983

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Dollar Values

6-Month Sovings Certificates_	9,51 9
Tex Exempt Bonds Bond Suyer 26-Bond Index	9.54
Maney Market Funds Denoghue's 7-Day Average	824 1
Bank Maney Market Accounts Bank Rate Monitor Index	8.40 1
Home Mortoges	

percent, from an average of about 94 percent last week. Actions tak-

There also seemed to be a grow Federal Reserve had got a handle on the growth of M-I, the basic money supply, despite its \$5.8-bil-lion rise to \$512 billion. The increase was due largely to early payment of Social Security checks that were on deposit over the long July 4 weekend. M-1 consists of funds that are readily available for spend-

"M-1 growth has stabilized," Cengiz Israfil, vice president of Morgan Guaranty Trust, said. But because of rapid growth earlier in the year, M-1 remained about \$16.6 billion above the top of the targeted growth range of 4-8 percent.

Mr. Israfil said that M-I's four-

tions, balances held by individuals in money-market mutual funds and overnight borrowings by banks from corporations and from banks

porations and corporate balance in money-market mutual funds.

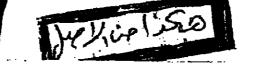
3 is 61/2 percent to 91/2 percent. Dur-

ing Jone, it grew at an annual rate of 9.8 percent and ended the month probably decided to tighten mone-\$1.2 billion above the top of the tary policy slightly by another target, considered an insignificant notch at its meeting of July 12 and of 9.8 percent and ended the month Notice

Oslo, Kingdom of Norway

U.S. \$ 100,000,000

The Borrower may at any time after August 15, 1983 elect (without group published notice) to forfeit all or any of the partly paid Bonds and all rights ensing therefrom, to the extent that the said final instalmant in respect of such Bonds together with interests as dronesed it has not been duly paid, whereupon the Borrower shall be smitted to retain the first instalment on such Bonds and shall be discharged from any obligation to repay such instalment, or to pay interest thereon for any period.



Page 14		BUNE, MONDAY, JULY 18, 1983	Middle Core. Comp. Pr	Cont. Cont. Middle Chev. Cont. Pt Cont. 1150
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Mr. Lamsdorff termed the move

States and the European Commu-

avoided by bilateral agreements limiting European steel exports to

At the Williamsburg summit of

industrialized nations, leaders in-

chuding Mr. Reagan and Chancel-lor Helmut Kohl agreed to combat protectionist trends fueled by do-

mestic unemployment problems.

SOCIETE GENERALE

US \$125.000,000 Floating Rate

Notes due 1991 with warrants to purchase US \$125,000,000.

For the six months, July 12, 1983 to January 11, 1984 the notes will carry an interest rate of 10,75% per annum.

The interest due January 12, 1964 segainst coupon number 2 will be 18 \$54,94 and has been computed on the actual number of days elapsed

(184) divided by 360. The Principal Paying Agent

U.S. \$175,000,000

National Westminster

Finance B.V.

(Incorporated in The Netherlands with limited liability)

Guaranteed Floating Rate Capital

In accordance with the provisions of the Notes,

notice is hereby given that for the six months

interest period from 18 July, 1983 to 18 January,

1984 the Notes will carry an Interest Rate of

1013/16% per annum. The interest payable on the

relevant interest payment date, 18 January,

1984 against Coupon No. 5 will be U.S. \$276.32.

By The Chase Manhattan Bank, N.A., London

SOCIÉTÉ GÉNÉRALE ALSACIENNE DE RANQUE

the I mited States

U.S. Steel-Import Curbs

est U.S. banking organization, recently acquired Charles Schwab

& Co., the largest discount securi-ties broker. Other banks have made

similar moves by affiliating with an

existing discount brokerage firm.

comporate securities?

Bush's task force?

report in early fall.

Q. Why not let banks underwrite

A. Some analysts argue that

banks are not suitable as corporate

underwriters because their main

experience is in judging the cre-ditworthiness of borrowers. They

are not knowledgeable, critics say, in the intricate business of timing

and pricing deals, which securities

tinely do for their corporate clients.

A. Many analysts doubt that the existing pastiche of seven different

federal financial regulatory agen-

cies can adequately monitor the

evolving banking system. The task force is examining ways to elimi-

nate the frequent jurisdictional dis-

putes, and is expected to issue its

Q. What is the mission of Mr.

Saudi Companies Reportedly Need

Loans for \$2 Billion in Next 2 Years

LONDON (UPI) — Heavy industries and refining companies in Sandi Arabia will seek at least \$2 billion in long-term loans from Arab financial Aradia will seek at least 32 billion in long-term loans from Arab financial sources during the next two years because of shrinking oil revenues, according to the London-based magazine Arab Banking and Finance.

"There are now signs talimited government support is no longer available and the capital markets will have to play a role in all aspects of future development," the magazine reported Friday in its July issue.

It said that, while there was no evidence that "the slump in Saudi cil revenues in the first half of 1983 has significantly affected banks assessment of the projects' creditworthiness," Sandi institutions were bying to raise most of the funds in the Arab, preferably Sandi, financial

TWA Reports \$16.2-Million Deficit

and markets instead of going abroad.

NEW YORK (NYT) — Trans World Airlines has reported a loss of \$16.2 million for the second quarter, after making a profit of \$25.6 million

in the 1982 second quarter.

The decline was much smaller than TWA's \$92.7-million loss for the

The decline was much smaller than TWA's \$92.7-million loss for the first quarter this year. The airline's business is highly seasonal, and TWA usually has better results in the second and third quarters, when its international division carries large loads of overseas vacationers.

Revenues fell to \$869.1 million from \$878.2 million a year earlier, the company said Friday. Earlier last week, Eastern Airlines reported a loss of \$33.7 million for the quarter, about half the size of its first-quarter loss.

TWA's parent company, Trans World Corp, which has traded separately on the New York Stock Exchange since the first quarter, is expected to report its second-quarter results this week.

Stock Sale Increases Comsat Profits

WASHINGTON (Combined Dispatches) — Communications Satellie 111 (1 RREV) percent on a 10-percent increase in revenues from last year, largely because of the sale of stock that it had held as an investment. because of the sale of stock that it had held as an investment.

Comsat said Friday that its earnings rose to \$16.1 million for the quarter that ended June 30, from \$10.8 million in the 1982 quarter.

Revenues climbed from \$99.9 million to \$109.9 million. Per-share earnings rose to \$20 cents on about 18 million shares from 67 cents on 16 Revenues climbed from \$99.9 million to \$109.9 million. Per-share earnings rose to 89 cents on about 18 million shares from 67 cents on 16 million.

The company sold stock that it had held in Ungermann-Bass Inc., for

The company sold stock that it had held in Ungermann-Bass Inc., for after-tax income of about \$4.8 million, Comsat said. Otherwise the profit increase would have been 4.6 percent. Comsat reported continuing losses From Satellite Business Systems, its venture with Aetna Life and Casualty a Co. and International Business Machines Corp., which have amended a their partnership agreement to increase financing of SBS to \$771 million from \$591 million.

Teamsters Discuss New Concessions

'WASHINGTON (UPI) - The Teamsters union has acknowledged washiingtion (UP!) — The Teamsters union has acknowledged that it is considering new contract concessions with the U.S. trucking industry to help win back jobs for unemployed truckers. The move came tonds, priced at 12½ percent, 10-year bonds, priced at 12½ percent, 10-year bonds, priced at 19½, were quoted at steep discount of 2½ points — industry were about to reach an agreement that would amend a contract another deal on which underwindinged in March 1982.

signed in March 1982.

New concessions would be the second set in two years for the Teamsters for a Democratic Union, charged that the talks meant "a field day for the employers to manipulate the contract."

Reynolds Metal Has \$69-Million Loss quoted at a discount of 1% points. International Herald Tribune

RICHMOND, Virginia (Renters) — Reynolds Metals Co. has reported a \$69.1-million loss in the second quarter after profits of \$25.5 million in the 1982 quarter.

The company said Friday that it had charged \$52.7 million to its second quarter to cover the cost of closing loss-making plants. Without of \$52.4 million that Reynolds had reported for the first quarter.

Electricity Rise Worries Grumman

NEW YORK (NYT) — Grumman Corp., the largest employer on to help trim the Netherlands' re-Long Island, has postponed some expansion plans because of its concern about the effect of Long Island Lighting Co.'s proposed electric-rate

11.3 hillion guilders, (34.06 billion) to help trim the Netherlands' record public-spending deficit.

The cuts, to be submitted for

PARIS — With bankers trying desperately to complete the reschedulings of 1982-83 debt arrearages before work begins later this year on renegotiating the debt due in 1984, there is little in the way of

Greece completed the first leg of

.cated-loan market.

()ptions

Grumman has said it might transfer some employees to other plants if ber, would reduce by equal the state approved a substantial portion of the utility's request, which amounts the government payroll

new business coming to the syndi- point over the prime rate, will be

floating rate of interest set at 0.1 ment fee of 1/2 percent.

NEW EUROBOND ISSUES

TIEW ECROPOTED ISSUES					. ~	o na			
	Borrower	Amount (millions)	Maturity	Coupon %	Price	Yield At Offer	Terms	A Surprise,	Says Bonn Der Spiegel said the U.S. tariffs
	Section Finance Europ. Coal & Steel Com. IADB Sumitomo Finance Norcen Energy Resources Xerox Canada	SSD DM 160 DM 150 DM 100 E160 C3 60 C3 40 E160 DM 100 E160 C3 40 E160 DM 100 E	1990 1990 1993 1991 1993 1993 1988	8 8 84 8 124 12	100 991/2 100 991/2 100 991/4 100	5 8 8.33 8	Noncollable. Convertible of a 4.656% prentum. Noncollable. Noncollable. Noncollable. Senjannolly, Noncollable. Noncollable. Noncollable. Plat collable of 102 in 1989. Redeema- ble of par in 1991.	FRANKFURT — Economics Minister Otto Lamsdorff said in an interview released Sunday that the new U.S. tariffs and quotas on spe- cialty-steel imports were "disap- pointing" for West Germany. Mr. Lamsdorff told the Ham- burg-based weekly Der Spiegel that the move by President Ronald Rea- gan "was a particularly disappoint- ment in light of the recent Wil- liamsburg summit." The restrictions came as a surprise in	and quotas would mean an average 20-percent tariff increase on West German high-grade-stoel sales to the United States. "I had not expected such a move would be taken so soon after Wil- liamsburg, and for such false rea-

BIS Warning U.S. Banking Deregulation: Some Pros and Cons protectionist and said a possible trade was between the United States and the Former's Contract. **Causes Fear** Steagall Act of 1933, which bars of deregulation by Congress, are banks from underwriting corporate taking their own initiatives. South merica Corp., for example, the largest taking their own initiatives. South merica Corp., for example, the largest taking their own initiatives. South merica Corp., for example, the largest taking their own initiatives. South merica Corp., for example, the largest taking their own initiatives. South merica Corp., for example, the largest taking their own initiatives. South merica Corp., for example, the largest taking their own initiatives. South merica Corp., for example, the largest taking their own initiatives. South merica Corp., for example, the largest taking their own initiatives. South merica Corp., for example, the largest taking their own initiatives.

Company Act of 1956, which limits

companies that own banks to activities judged by the Federal Reserve to be "closely related to banking."

Q. Why did Congress impose

stock-market crash and the ensuing failures of hundreds of banks.

Some banks, in an effort to bail out

ous value, thereby shifting the risk to their stockholders and deposi-

being considered?

A. Mr. Volcker has asked Con-

sion on Wall Street and sharp poli-

The Office of the Comptroller of

Bank Board, which supervises sav-

Deposit Insurance Corp. have ar-

Q. Why do the Fed, the other

A. The Fed has tended to take a

more conservative approach to let-

ting banks diversify. It contends

that banks are "special" - that

bankers work with other people's

money, so that they must be more

heavily regulated to insure the pru-dent use of depositors' funds.

Mr. Regan, on the other hand, contends that a moratorium would

only postpone the inevitable dis-

tory and regulatory restraints, and

dcomes a faster pace of deregulation. He has noted that man

mantling of the remain

federal banking regulators and the administration differ on the mora-

torium issue?

regulatory agencies.

cy divisions among government tition.

ss to enact legislation temporar-

Se restrictions?

par bearing a coupon of 8 percent, up from the 7% percent that had en contemplated a week earlier.

there was just no demand for DM

Board, wants a temporary freeze on all cross-industry acquisitions to give legislators more time to estab-lish policy. The administration, meanwhile, has appointed a task force, headed by Vice President

existing restrictions and of whether they can safely be modified.

Q. What are the main issues be-

Q. Why have the barriers started than 20 years. They have acceler-1970s. Although much of that deregulation has been in other areas,

authorized by Congress in



(Continued from Page 13) pite the increase in coupe The European Coal and Steel Community, for example, offered 160 million DM of seven-year bonds at

The recent issue for Eurofima, as another example, offered at 99% and bearing a coupon of 74 per-cent, ended last week at 98%, for a yield of 7.83 percent. Also on offer are 150 million DM for the InterAmerican Development Bank and Sumitomo Finance, but bankers admitted that

paper at present. es denominated in Cadian dollars were marketed last week, with the rationale that as short-term Canadian dollar financing costs are considerably below coupons offered, underwriters

would be willing to sit on the paper, For Xerox Canada, this did not atter much, as the name of the ner facilitates placement, But little known Norcen Energy Re-

ters were making no money was the World Bank's 100-million Eurosterling issue, the largest offering yet made in this sector. Offered at 99% and bearing a compon of 11

Netherlands Announces New Cuts in Spending The Associated Press

THE HAGUE - Prime Minister Rund Lubbers has announced accelerated 1984 budget cuts of 11.8 billion guilders (\$4.06 billion)

The cuts, to be submitted for and social security funding.

over every three months.

Rescheduling Work Curbs Market percentage point above the prime lending rate of Japanese banks, currently 8.4 percent.

EDP, Portugal's electricity agency, is raising \$50 million for seven years. Interest well become years. Interest will be set at one point over Libor. Front-end fees bine banking and brokerage



OUR 37th YEAR

By Kenneth B. Noble

New York Times Service years ago that Congress erected barriers between commercial banks and other types of financial institutions to protect the banks from the kind of excessive risk-taking that led to wholesale bank failures during the Depressi

In recent years, however, a kind of de facto deregulation of banking has been under way as aggressive managers have tried to expand into ailing borrowers, became under-writers of corporate stock of dubi-

George Bush to review federal reg-ulation of all financial institutions. What follows is a discussion of

A. The basic issue is how fast change should be allowed to take place, and in what form. Should there be a complete moratorium? Should unlegislated change be al-lowed to continue unfettered? Or should change be pushed even faster. as the administration is seeking.

ated of late because of the broader trend toward business deregulation that began in Washington in the some has also occurred in the financial sector, notably in the gradual removal of all interest-rate ceil-

concerns that the speculative ex-cesses of the largest banking houses ing Congress to let all banks under-

cesses of the largest banking houses ing Congress to let all banks undermay have set the stage for the 1929 write manicipal revenue bonds.

ily halting all acquisitions of banks banks move into this area. But at

and thrift institutions by nonbank this point, he says, it is not politi-companies. The proposal, however, cally practical. For one thing, there has created considerable apprehenis strong opposition from under-

by nonbanks to create new national service brokers; they buy and sell banks. But the Federal Home Loan stocks at discount, but give no ad-

ings associations, and the Federal Workers in Guyana

gued against a congressional mora- End Mining Strike

ing statu-

thorized banks chartered under its

laws to engage in the insurance

proposal?

A. The administration's bill

would free banks to offer a full

and engage in real estate and insur-

ance brokerage. However, the banks would have to create sepa-

rate subsidiary corporations to en-gage in these lines of business. The bill would still prohibit banks from

underwriting corporate securities.

Q. Why isn't the administration

proposing that banks be allowed to

inderwrite corporate securities?

A. Mr. Regan has indicated that,

in principle, he supports letting

writers who fear additional compe-

GEORGETOWN, Guyana --Workers in Guyana's bauxite in-

dustry have agreed to end a six-week strike after management

pledged to restore a five-day work-

Kingdom of Sweden

U.S. \$150,000,000 Floating Rate

Notes Due January 1995

For the six months 14th July

1983 to 16th January 1984 the Note will carry an interest rate of 10 4 %

Bankers Trust Company,

Fiscal Agent

with a Coupon Amont

O. Aren't some bankers already

WASHINGTON — It was 50

Congress is now beginning to consider proposals for overhanling banking regulations, but there is disagreement over what is appropriate. Treasury Secretary Donald T. Regan was to testify Monday on behalf of an administration bill that would speed the pace of bank deregulation. But Paul A. Volcker, chairman of the Federal Reserve

the Currency, which regulates fed-kers? erally chartered, or national, banks, A. Yes. The Fed has approved has already, by administrative fiat, banks buying discount brokers on frozen action on new applications the ground that they are not full-

A. The changes in the financial system have been brewing for more

nancial institutions like Shearson-states, unhappy with the slow pace American Express, Prudential-Bache and Sears, Roebuck, that are not subject to the same federal regulation as banks have made successful forays into new financial businesses. All of them, for example, offer their customers financialment accounts, which com-

Q. What prevents banks from also branching into new areas? A. Basically two laws. The Glass-

SOLVAY in 1982:

Strict Management has paid off the Consolidated Net Result went up to BF 2,600,000,000 and the Net Dividend to BF 200

Reduction in expenses

Despite the continuing economic crisis, the Solvay Group has managed to achieve a dramatic improvement in its results by concentrating its efforts on both the reduction of its purchases of all kinds and the increase of its market share in the vanous product areas. As a consequence, whilst turnover continued to increase, the growth of variable costs was considerably slowed down and this has been the determining factor in the improvement of the Group's results. This slow-down in cost increases was achieved for the main part in the fields of energy and petrochemic cal raw materials. Solvay also made efforts to slow down the increase in its personnel costs, which it managed to reduce by 1.000 million trancs compared with the previous year.

Encouraging results

Despite the persistently depressed economic climate, the consolidated turnover amounted to 178,000 million, the cash flow nearly 13,000 million and the net result

Technology improvements and development of the Group's position in the traditional chemical industries

Solvay's various laboratories and industrial

plants have brought its production processes to new levels of efficiency, so enabling the group to better withstand competition. The group has a significant position in all the markets in which it is present, and this with more and more high

added-value products. Furthermore, it was - world-wide level. It is thus entering with the basis of the Group's results. These sectors remain open to further improvements and will contribute to the assurance

Penetration in the field of speciality chemicals, pharmaceuticals and veterinary products

Apart from this, the policy of diversification which the Group has now been pursuing for several years has reduced its vulne-rability to economic swings in the main traditional industries. Its progression in the fields of pharmaceuticals and cosmetics is continuing The Group is also making every effort to maintain its technological lead in the animal health sector and is extending its scope of operations to a

added-value products Furthermore, a was world-wide level. It is hus entering with the Group's petrochemical activity which was mainly responsible for the recovery, even although this activity was carried out in areas being in deep recession. This welcome development was only possible to the extent that the traditional chemical sectors remained sure and solid, forming the basis of the Group's results. These technologies requires large amounts of money and involves risks. However, this is knowledge and know-how its means are adequate for the problems encountered

Increased dividend

The return on Solvay shares for 1982 is 50 francs higher than that of 1981, it amounts to BFrs 200 per fully paid-up share

Personnel costs Group's conscidated net recuit 2 593 - 752 Solvay & Cie's net result 2 200 1,195 Personnet employed in units (45 369 48 237



The Soviavia Cie annual report is obtainable in French Dutch English and German on request from the Secretarial General of Soliavia Cie. Rue du Prince Abert 33-8 - 1050 Brussels



Terms on the companion \$160-

SYNDICATED LOANS

announced Monday.

million) from a syndicate of 15 Jap evenly split 1/2-% point over the cent acceptance companies banks and insurance companies. London interbank offered rate for remaining \$50 million with the contract of the cent acceptance companies.

million financing, expected to be a total % percent.

split %-% point over Libor, or % year loan.

DnC

U.S. \$50,000,000

All these securities having been sold, this announcement appears as a matter of record only.

Den norske Creditbank

111 per cent. Capital Notes due 1993

S.G. Warburg & Co. Ltd.

Goldman Sachs International Corp.

Algemene Bank Nederland N.V.

Bank of Tokyo International Limited

Citicorp Capital Markets Group

Bergen Bank A/S

Christiania Bank og Kreditkasse

Credit Lyonnais

Den norske Creditbank (Luxembourg) S.A.

Deutsche Bank Aktiengesellschaft

Genossenschaftliche Zentralbank AG - Vienna

Hambros Bank Limited

E. F. Hutton & Company (London) Limited

Kredietbank International Group

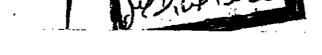
Manufacturers Hanover Limited

Nomura International Limited

Kuwait Investment Company (S.A.K.) Merrill Lynch International & Co.

Morgan Stanley International

Nordic Bank PLC



Page 16 INTERNATIONAL HERALD TRIBUNE, MONDAY, JULY 18, 1983 Over-the-Counter Henry Control of the state of t AMERICA SALAN NOTOR SALAN NOTO Industrial Control of the Control of 现于外部,从来的条件。我 一个时间,这个时间,我们就是一个时间,我们就是一个时间,我们就是一个时间,我们就是一个时间,我们就是一个时间,我们们的一个人,我们们的一个人,我们们的一个人,我 ANOTAGE 1.92
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KVPTis
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in the total in the t UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK In Proceedings for a Reor-And The State of t BRUCOL INDUSTRIES, INC., ganization Under Chapter 11. Case Nos. 81 B 11554 CLOBAR MFG. INC., MATEX INTERNATIONAL LIMITED, Through 81 B 11581 Inclusive NOTICE OF HEARING TO CONSIDER PURCHASE AND REPAYMENT AGREEMENT
Re: Infabrics Ltd. ("U.K.")

NOTICE IS HEREBY GIVEN that on the 25th day of July, 1983 in Room 234 of the United States Courthouse, Foley Square, New York 10007 at 10:00 of clock in the forenced of that day or as soon thereafter as counsel can be heard, a hearing shall be held before the Honorable John J. Galgay, Benkruptcy Judge, at which time Brucol Industries, et al., debtors and debtors in possession ("Brucol") shall, inter alla, request an order approving the Purchase and Repayment Agreement which has been filled with the Clark of the Court, and the offer of an aggregate payment price of approximately one million pounds sterling to consisting of 460,000 pounds sterling to be paid at closing and recasting debts lotaling 630,818 pounds sterling) by the Prospective Purchaser or any higher offer made by any other offerors at or prior to the hearing in conformitry with the larms of the Purchase and Repayment Agreement for inter alla the sale of clobar Mig. Inc.'s equity interest in interferics Ltd. ("Interiors"), its wholly owned subsidiary and the recasting of an Infabrics' debt reflected as due Printer. Ltd.

Interested parties may submit written buts prior to the hearing date to Brucol Industries, inc. et al., attention: Irving Hoffman, 1412 Broadvay. New York, New York 10016, Such bids must be accompanied by a check or money order subject to collection payable to Otterbourg, Steindler, Houston & Rosen, P.C., as attorneys for Brucol in the amount of 10% of the bid, which will serve as a non-returdable deposit in the event that the offeror is the successful purchase. All offers made at the hearing are subject to the Terms and Conditions of Sale act forth in Erhibit "C" to the Application of Brucol logether with all exhibits thereb, including the Purchase and Repayment Agreement, is available during reasonable business hours for inspection and conglish the Purchase and Repayment Agreement, is available during reasonable business hours for inspectio Debtors.

LEVIN & WEINTRAUB & CRAMES Automays for Brucol Industries, Inc., et al. patitors and Debtors in Possession 225 Broadway New York, New York 10007 (212) 962-3300

Daled: New York, New York July 8, 1983

JOHN J. GALGAY

1983. NOTICE IS FURTHER GIVEN that the nearing to consider the offers may be adjourned from time to time without notice to créditors or other parties in interest other than by announcement of such adjournment on the date scheduled for

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BY ORDER OF THE COURT

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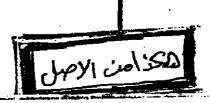
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U.S. Law Bans Satellite Sale The Associated Press

WASHINGTON - President Ronald Reagan, who earlier this year ordered a study of the possibility of selling U.S. weather satellites to private business, signed legislation Friday that bars such sales without congressional approval.

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Olivetti Plans Push In U.S., Europe

19%— 12 7%+ 13 35%+ 11 4%—115 17 16—16 9—2% 14%—16 26%+ 116 27%—16 16%—16 17%—1 (Continued from Page 13) director of corporate strategy. to completely automate a bank, Probably the most successful ex-ample of this approach was Olivet-cited recent Olivetti installations at his merger last year of its U.S. op-erations with those of Docutel Canada and Japan. Corp., a Dallas-based manufacturer of bank equipment and automatic cash dispensers. Olivetti owns 46 percent of Docutel, with an option to take majority control. Components made by Docutel and by other U.S. companies in which Olivetti has interests are installed in cash

> Olivetti's business in the United States, which accounts for 12 per-

mation: We now have the capacity banks in Britain, France, Belgium,

What Olivetti lacks is fresh, large-scale financing, as well as a strong image. Both are needed if Olivetti is to compete successfully against such U.S.-based giants as IBM, Burroughs, Diebold and NCR, industry analysts said. But company officials are convinced machines and other equipment that the launching of the joint-venmade at the company's main man-ufacturing complex near Ivrea. uracturing complex near Ivrea. on both counts.

The fund will be based in the Dutch Antilles and managed in cent of total sales, could double New York by a group of Clivetti within the next few years, said Vittorio Cassoni, vice president for mediate goal is to raise about \$100 corporate marketing. "We have million. Clivetti will account for 20 started with firms like Docutel and to 40 percent of the total. What when the sales is to up beyond about the rest? Mr. de Benedati others, but the idea is to go beyond about the rest? Mr. de Benedetti
ATMs [automatic teller machines] smiled. "We are confident about
into the broader field of bank autothe participation," he said.



Carlo de Benedetti

If the effort succeeds, Olivetti will accelerate investment in U.S. high-technology companies. "We are in the fantastic, booming market of office automation and I intend to pursue its development," said Mr. de Benedetti.

Worries Volcker

Washington Post Service WASHINGTON - Paul A. Volcker, the Federal Reserve Board chairman, has strongly warned the House Banking Committee that a restrictive amendment that it has included in a bill expanding U.S. commitments to the International Monetary Fund could "adversely affect the func-Lary system."

Mr. Volcker warned that the cffect of an almost-unnoticed provision in the House bill appropriating an extra \$8.4 billion for the IMF might choke off a safety valve enabling the lending institution to act promptly in a future interna-tional crisis.

The IMF money hill is due to come up in the House for a floor vote Thursday.

A text of Mr. Volcker's letter, sent May 6 to Fernand St. Ger-main, Democrat of Rhode Island, the panel's chairman, was obtained by The Washington Post. It used unusually plain language to explain "the strength of my concern."

The specific amendment to which Mr. Volcker objected — it is not contained in the legislation passed by the Senate — has gotten virtually no public attention. Offered by Rep. Stephen Neal, Democrat of North Carolina, Section In its petition Friday, A. 10...
gued the judge was imposing "a sold of the House but wow...
new and different obligation" that ly limit the IMF's power to issue international credits called Special international credits called Special international credits called Special Drawing Rights, which have been an important source of cash for the poorer nations.

The amendment requires congressional authorization for any U.S. vote on the IMF board to approve a new allocation of SDRs. Special Drawings Rights (SDRs)

are a paper international asset cre-

ated by the IMF and distributed to

members. The value varies, and currently is about \$1.08 each.

A high IMF official told the Washington Post: "This [the amendment) would put the SDR as an asset to sleep." The reason is that under the IMF's rules, an 85 percent majority is required for creation of SDRs and the present U.S. quota (its deposits in the fund) gives the United States close to 20 percent of the voting power. Thus, without U.S. assent, SDRs cannot

AT&T Seeks Breakup Changes Judge Greene ruled July 8 that if the Bell companies do not recover tance competitors that are now enjoyed by AT&T. That is expected all their expenses by 1994, AT&T must reimburse them for the differ-

WASHINGTON - American Telephone & Telegraph Co. has asked a federal judge to reconsider one of his conditions for approval of the company's plan for breaking itself apart.

The company's request, outlined in a 10-page brief, focuses on a requirement involving the expenses faced by the Bell System operating companies in providing AT&T and all its long-distance competitors with equal access to their custom-

AT&T said Friday that it would not respond until later to several other conditions set down July 8 by U.S. District Judge Harold H. Greene. Among those conditions is one requiring AT&T to surrender to the Bell companies all future use of the name "Bell" as well as its logo and trademark.

"In today's filing, we are simply addressing one of the issues raised by the judge," said AT&T spokesman Pic Wagner.

Bell System, the 22 Bell companies must upgrade their switching facili-ties to provide the same type of equip

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to cost roughly \$2.5 billion.

The Bell companies expect to reover those expenses through spe-cial-access charges levied on AT&T and other long-distance companies like MCI Communications. Citing a desire to avoid any in-

Rise in Japan Exports Leads Industrial Upturn in companies with sufficient re-

crease in local consumer rates.

TOKYO - Domestic demand continues to be slow, although in-dustrial production is turning upward after a rise in exports and liquidation of surplus inventories, the Bank of Japan said in a monthly report.

thusiasm on the part of major comnanies and slow housing starts, it Under the antitrust settlement said Saturday. Areas of rising pro-that requires the breakup of the duction included telecommunication equipment, synthetic fiber, computers and office-automation

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notice is hereby given that the rate of interest for the period from 18th July 1983 to 18th October 1983 has been established at 101/16 per cent per annum. The interest payment date will be 18th October 1983. Payment which will amount to US \$6,668.40 per Certificate, will be made against the relative Certificate.

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51 Summa cum

53 She made her

film debut in

59 Claire or Hutton

60 " ... I eat what ---!": Carroll

61 Sault Ste.

63 Simple or

Simone 65 Actress

67 Cinch

68 Reserv

Marie ---

Hayworth

9 Speak hastily

10 Brit. lexicon

for jets 13 Screams

21 Shade trees 23 Almond or

26 More logical

cashew

27 Get better

30 Labor org. 31 French

33 Suffix with

34 Berlin's "A

36 Freedom trom

40 Capital of Peru

42 Typical Marin

painting 45 Jackals, e.g.

47 Big born 56 Curved letter 52 Not so sparse

53 Actress Spacek

55 Navigators' Islands, today

\$8 Angry look 62 Garden tool 84 Hockey great

welson

S6 Cryptic 57 Checks

bigotry 37 Personality

38 Morning

with an

marshal

ACROSS I Towel word 9 Pie-in-the-face comic Sales
14 Help a felon
15 Without, in

Berlin 16 Black tea 17 Drink to excess 18 Without a 19 Sec. of the Interior: 1961 20 Eponymous ancestor of the Greeks

69 Sassy lass 70 Neutral color 71 Marianne Moore's "What 22 Stick-of-gum coin, ence 24 Mineo or Are——?"
72 Famed Italian Maglie patron of the 25 She plays Gloria on TV 73 Clarinet, e.g. 28 Brazilian dance holder 30 Kelep, e.g. 32 What "Mac" 1 "For unto

means 35 Word after X 39 Sense 41 Affirmatives 43 Theater sea 44 Suitable for singing 48 Rent anew from the hero

-620

DENNIS THE MENACE

everyone that Matt. 25:29 2 C.A. trees 3 Fix up old 4 Actress Steven 5 Joison sang this song 6 Article 8 Nero or Marshali O New York Times, edited by Eugene Maleska

" ${f Don't}$ ${f BLAME}$ ${f ME}$ if the water ${f BILL}$ is high. ${f I}$ only

JUMBLE THAT SCRAMBLED WORD GAME
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WEATHER

If you think golf is only a rich man's game, look at these—ALL THE POOR PLAYERS

HE GOT THE JOS AS A PIANO MOVER ALTHOUGH

HE COULDN'T EVEN

Now arrange the circled letters to form the surprise answer, as sug-gested by the above cartoon.

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Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

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PEANUTS WHAT DID DON'T TALK TO ME, I DO 51R? MARCIE! BLONDIE DAGWOOD, I

HEAR A

BURGLAR

BEETLE BAILEY

WHAT'S THE MATTER, SHE

BEETLE

Z

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YOU GOT A LETTER FROM CHUCK AND I DIDN'T! AND WAS THE ONE WHO FELT SORRY FOR YOU WHEN YOU WERE LONELY !

okay, listen to me,

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STAY IN BED AND

BE QUIET



AND WHAT ARE

DO?

YOU

GOING TO









YEAH, I KNOW

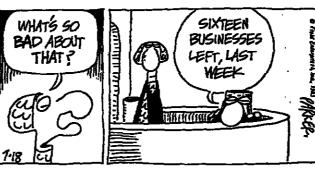
WHAT YOU MEAN



OH, I'M JUST

HOMESICK

SOMETIMES







GARFIELD, I KNOW YOU'RE IN MY FERN. I CAN SEE YOUR TAIL





BOOKS

PINOCCHIO'S NOSE

By Jerome Charyn. 385 pp. \$15.95. Arbor House, 300 East 44th Street, New York, N.Y. 10017.

Reviewed by KARL KELLER ...

THIS is probably the silliest novel I ever I read.

Silly, first of all, in a very good sense, it shifts around in place — from the Tatar Jewish streets of the Bronx to the underworld of Paris to the Mussolini court in Rome and finally to academic circles in Austin, Texas - without much rhyme or reason. It shifts around in time, too -from the quaint ghetto '30s to the Italian fascist '40s to the escapist '80s and on up to the end of the century - again without much thyme or reason.

The main character -- Jerome Copernicus Charyn, the author, the narrator, the main Pinocchio character - shifts from a young men who thinks he can use Pinocchio as his muse, to a storyteller who re-creates Pinocchio stories for a dyslexic cousin, to a version of Pinocchio himself in fascist Italy, and to a famous American author of children's books about Pinocchio - all without much thyme or reason either.

All of this is good fun, especially because the anthor-narrator's language is racy with lies that become truths (the Pinocchio syndrome) and because the incidents of the novel are just bawdy and raunchy and absurd enough to keep all the nonsense moving (the Charyn syndrome). He says that, as a writer, his motive is to "explain the madness of his century to leagues of young scientists." His uses of the Pinocchio story - learning and retelling it, extending it into our own times, trying to live some of Pinocchio's further adventures himself some of Pinocchio's further adventur - are, he says, his "survival kit" in a "mad

century There is even more good fun in the novel when the author-narrator, who wants more than anything else in the world to be an authornarrator, shuffles literary history on us. He says he wants to be like James Joyce ("I'd been too occupied with James Joyce to take thumba lessons in the Broux.") and so he resurrects him as Giacomo Joyce ("a lunatic with literary style") and makes him his friend under II Duce. He knows, too, that as Pinocchio he has to have a whale somewhere in his life, and so he tries hard to identify himself with Melville and Moby Dick ("the muse of Moby Dick was upon me"). Mussolini reads Dostoevsky. Brun-

Solution to Friday's Puzzle

hilde reads Flambert, F.D.R. reads George Mills, alias Stanley Elkin, Pinocchio reads Pinocchio reading Pinocchio. It is all crazy fun

**

But also really silly. All the metamorphoses that make up the plot go unexplained; they aren't even nonsensed awfully well. They exist only so a piccolino can be a picaro, and the novel can jerk its jokey way to its silly end it winds up; one winces.

The povel gets even silier as it tries to torn Pinocchio into a modern character. Charyn does it by the tired device of sex jokes. For, you see, wooden little Pinocchio - whether as the author-narrator's muse, a character in the old Geppetto stories, or the author transformed into his own character - has no genitals. So his nozzle is his pizzle, and he leaves all the women exhausted. "cohabiting with a wooden boy in the most unnatural of ways." Yet with all this "phantom copulation", he never has an organi and so turns instead to Italian politics.

Pinocchio thus becomes Mussolini's clown and confident. Two puppers — get it? "I couldn't belp it," he tries to explain, "if I'd become a golem on the way from flesh to wood," But we are told that fascist little Pinocchio's troubles - as well as those of Mussolini and his Fascisti - come from never having been bar mitzvahed - I don't get it. The nove is full of such silliness and non sequiturs. They are supposed to help one understand "the are supposed to help one understand "the stinking mystery of Pinocchio," but I think they are just bad jokes, just bad fiction writing.

You have to work your way past such corn as this: "The Texas Panhandle was a piece of country that you could fry potatoes in." You we to endure such literary nonsense as this: "Is that a portrait of your family as a nose?" You have to be patient during such jokiness as this: "Brunhilde's dependability might have come from her being dead." You have to scratch your head at such a non sequitur this: "They stopped singing and talked of Verdi and Rossini, as if Herman Melville were sitting in the car."

The trouble is that while Charyn-Pinocchic says he would like to write like Joyce -use of legend, mixing up the language, sex and signifi-cances — he is really trying hard to be like Garcia Marquez, with ghost witches, confu-sions of places, fusions of history and interleafing of characters. But a writer from Bronn-Texas can't bring that off, for there is no foundation for such writing in American mythology — and so it is only nonsense-writing trying hard to sparkle and surprise. It doesn't

Charyn-Pinocchio tries to rationalize his writing at one point in the novel: "People will get the idea that magic exists and they'll never go back to the ordinary. The planet would fall on its ass." Wanna bet?

Karl Keller, who teaches English at San Diego State University, wrote this review for The Lag Angeles Times.

U.S. Groups Win in Vienna

The Associated Press VIENNA (AP) — The 105-member St. Louis Symphony Youth Orchestra won first Place in its category at the 12th International Youth and Music Festival. The Clarksville (Tennessee) High School Madrigalians and the Pershing (California) Junior High Bell Chant Ensemble shared first prize in the choir competition, festival organizers said.

BRIDGE

By Alan Truscott

S OME people think that all the possibilities in card his remaining diamond. play have long ago been ex-hausted, but that is a serious misconception.

North-South were using one of the many artificial two-dia-mond opening bids favored by tournament players. In this case it showed a three-suited hand with 15 to 18 high-card

The response of two hearts asked South to identify the singleton. Since two no-trump showed a heart shortage, North called it a day.

The defense was slightly imperfect. West led the diamond and fine play had brought him to this astonishing ending:

overtook with the nine and led the spade king.

South allowed this to win, and West continued with the to a heart.

took his ace, led to the club king and took a remarkable finesse: He led the club three and finessed the eight when East omitted to split.

and a low spade was led. East won with the jack and played ₹A 10875 When South ducked, West

ten, missing his chance to shift

East discarded the club jack. a dubious move, and South

EAST O E J64 **SOUTH** 004 40

On the lead of the club queen, West was subjected to a very strange triple squeeze. He had to keep his spade queen and diamond ace, so he was forced to throw a heart.

That proved equally fatal, for a heart was led to the mine and ten. Now the dumn could not be prevented from scoring two heart tricks to give South his contract.

Giants 5, Cardinals 4

Braves 9, Expos 3

Francisco past St. Louis, 5-4.

SPORTS BRIEFS

All Blacks Complete Sweep of Lions

AUCKLAND, New Zealand (Combined Dispatches) — New Zealand routed the touring British Lions Saturday, 38-6, scoring six tries to none in the fourth test match. The All Blacks thus swept the series, having won the previous tests 16-12 in Christchurch, 9-0 in Wellington and 15-8 in Dunedin.

Right wing Stu Wilson bettered the All Black career record for tries in internanonal matches with the first of his three tries Saturday, ending with a career total of 19. Flanker Jock Hobbs, fullback Allan Hewson and lock Andy Haden were the other try-scorers, and Hewson kicked four conversions and two penalty goals. For the Lions, Irish flyhalf Ollie Campbell and Welsh fullback Gwyn Evans kicked

It was the worst test defeat in 73 years of official rugby tours in the Southern Hemisphere by British Isles squads representing England, Scotland, Ireland and Wales. The seventh Lions in New Zealand — captained by Ciaran Fitzgerald of Ireland, managed by Willie John McBride of Ireland and coached by Jim Telfer of Scotland - ended with 12 victories and six defeats.

Laurent Wins Tour Leg After Inquiry

SAINT-ETIENNE, France (UPI) - Frenchman Michel Laurent won Sunday's 16th stage of the Tour de France bicycle race, a run of 144.5 kilometers (89.75 miles) from Issoire, on a post-race decision by the officals. Stewards downgraded Henk Lubberding of the Netherlands to second place for causing Laurent to fall just before the finish.

Frenchman Pascal Simon retained the overall lead.

Lubberding and Laurent were neck-and-neck before the Dutchman vecred across Laurent's path, causing him to crash into the barriers. Following an inquiry, Laurent was awarded the stage even though Lubberding crossed the finish line first, followed by Jean-Lnc Vandenbroucke of Belgium. Spaniard Angel Arroyo took Saturday's 15th stage, a 15.6-kilometer individual

time trial from Clermont-Ferrand to Le Pny-de-Dôme. The winner clocked 40 minutes 43 seconds, finishing 52 seconds clear of compatriot Pedro Delgado.

Dodgers Suspend Relief Pitcher Howe

LOS ANGELES (UPI) — Los Angeles Dodgers relief ace Steve Howe, fined a record \$54,000 earlier this month for drug problems and who reported late for a game Friday, was suspended by the team for an unspecified period Saturday night.

In a statement, the team said those arrived at Dodger Stadium three Board of the period of for Friday's game against Chicago and then met with team executives Fred Claire and Al Campanis At that time, he refused to undergo a test to determine his condition to play, the

Dodgers said.

Saturday morning, Howe underwent a physical test at regional drug rehabilita-tion center, but he and his representative declined to authorize the release of the results of the test to the Dodgers management, the team said. In a meeting before Saturday night's game against the Cubs, Howe again refused to take a test under team supervision and was suspended.

Howe was recently fined \$54,000 for his second boot with cocaine. The fine

amounted to Howe's pay for the 30 days be missed this season when he was a patient at a rehabilitation center. The Major-League Players Association is appeal-

Brett, McRae Lead Royals to 10-0 Rout of Indians

CLEVELAND -- George Brett drove in four runs with a three-run home run and a fielders' choice Friday night and Hai McRae fit added a homer to power the Kan-sas City Royals to a 10-0 pasting of the Cleveland Indians.

Paul Splittorff (7-3) allowed one hit over the first seven innings.

FRIDAY BASEBALL Juan Eichelberger (3-9) suffered his

sixth straight loss. Willie Wilson opened the first inning with a walk and took second on John Wathan's infield hit. Brett then hit an 0-1 pitch over the fence in right-center for his 16th home run of the season and McRae followed with a shot over the left-field

In the second, Pat Sheridan singled, took third on Onix Concep-cion's single and scored on Wilson's infield out to chase Eichelberger.

A run-scoring double by Con-cepcion, an RBI single by Wathan and Brett's grounder gave the Royals three runs in the fifth against reliever Jerry Reed. Sheridan singled home Amos Otis with another Kansas City run in the

Greg Pryor's RBI single to right gave the Royals their 10th run, in

Red Sox 10. A's 7

In Boston, Glenn Hoffman's bases-loaded single triggered a fiverun sixth and Wade Boggs went 3-for-5 with two RBIs to lead the Red Sox over Oakland, 10-7. Mark Clear (3-2) pitched the final 3½ a 7-2 victory, snapping Detroit's innings for the victory.

Orioles 10, Angels 4

In Baltimore, Eddie Murray went 4-for-4 and drove in four runs delphia, Nick Essaky doubled in with his 16th homer and a two-run two runs in the sixth and Mario double to lead the Orioles to a 10-4 Soto pitched a four-bitter to lead

the Angels to two hits over the last to 2-3. Joe Lefebvre homered for eight hits and four runs. six innings and retired 15 straight the Phillies. batters before Daryl Sconiers singled in the ninth. Tommy John (7-

6) took the loss. Brewers 6, Twins 3

In Milwankee, Cecil Cooper winning run in the second inning, drove in four runs with a single, a leading the Astros to 6-0 triumph triple and a home run and Mike over New York. Knepper (3-9) Caldwell (7-7) pitched a six-hitter, helping the Brewers defeat Minnesota, 6-3. Despite taking the loss, Minnesota starter Bobby Castillo his league-leading total to 11. Ed (5-7) allowed only six hits in 7% Lynch (6-4) started and took the ings and struck out eight.

Yankees 7, Rangers 5 In New York, Dave Winfield

and Don Baylor each hit three-run Tony Pena hit ninth-inning home homers to power the Yankees past runs that lifted surging Pittsburgh nomers to power the Yankees past lasted three innings for the Rang-Dave Righetti went six innings for his 11th victory against three losses, but was relieved by George Frazier in the seventh. Frazier then got in a jam in the eighth with two on and one out.

Blue Jays 3, White Sox 2 In Chicago, Dave Collins singled in two runs with the bases loaded and one out in the ninth to give Burt Hooton (8-3) had his seven-Toronto a 3-2 victory over the game winning streak broken as he White Sox. Winner Joey McLaughhis evened his record at 2-2. Richand Dotson (8-6) was the loser.

Mariners 7, Tigers 2 In Seattle, Ricky Nelson's triple keyed a six-run sixth and lefthander Matt Young pitched an eight-hitter to help the Mariners to

In the National League, in Phila-

triumph over California. Mike Cincinnati past the Phillies, 3-2. allowed eight hits and five runs. Boddicker (6-4) allowed four runs. Soto (10-8) struck out eight. Phila-Chicago starter Dick Ruthven (6-7). in the first three innings, but held delphia rookie Charlie Hudson fell departed in the sixth after yielding

Astros 6, Mets 0

In Houston, Bob Knepper pitched his third shutout of the year and singled home the gamescattered five hits, struck out eight and walked one. Houston's Omar Moreno hit two triples to increase

Pirates 4, Padres 2 In San Diego, Jim Morrison and

Texas, 7-5. Rick Honeycutt (11-6) to a 4-2 triumph over the Padres. Kent Teknive, who entered in the ers, giving up nine hits and six runs. eighth to choke off a Padre threat. received credit for his fourth victory in six decisions. Rookie Mark Thurmond (2-1) was the loser. Cabs 8, Dodgers 4

In Los Angeles, Keith Moreland,

Jody Davis and Ron Cey drove in two runs each to help Chicago break a six-game losing streak with an 8-4 voitory over the Dodgers.

CFL Standings



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In San Francisco, Chili Davis capped a three-run eighth with a two-run homer that rallied San Muham In Atlanta, Chris Chambliss's Sasatacron two-run single highlighted a six-run An Marida in Branning

rally in the sixth that carried the Braves to a 9-3 decision over Montreal. Bill Gullickson (7-10) had al-Se Property Co lowed only a fourth-inning single to Claudell Washington before Al-Bier ber gate lanta knocked him out in the sixth. Winner Phil Niekro (5-6) allowed de de leate le six hits, walked two and struck out The section due p ng arthurs when The Muhan in the diam't and a world Cora Wilds of Spring against Ma Condition of An Condition of Market Mark

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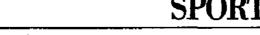
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two before being lifted for Terry Harper, a pinch-hitter, in the sixth. Major League Standings

NATIONAL LEAGUE 1) 572 43 511 43 AM 44 AM 48 AM 56 AM 11/7 WEST

75





Watson, a nonwinner for a year, added the 112th Open tale to his previous victones, on Scottish soil, at Carnoustie in 1975, at Tumberry in 1977, at Muirfield in 1980 and last year at Troon.

He won the 1983 tournament by a single shot with a 275 total, nine strokes under par on the sandhilis of the Royal Birkdale Golf Chib links.

But Watson avoided a playoff only by the margin of a whiffed tap-in putt on the 14th hole of Saturday's third round that, eventually, left Hale Irwin one shot back and tied for second at 276 with Andy Bean. Irwin and Bean each played the final round in 4-under-par 67. They were among seven men who led or shared the lead at one time or another on a cool, windy Sun-

Watson, however, onlied ahead with a 12-foot birdie putt on the 16th hole. That out him one in front, and he held on from

Graham Marsh, a 39-year-old veteran from Australia, provided the early target with a spectacular, no-bogey, 7-under-par 64 that got him in the clubhouse, about two and a half hours ahead of the other leaders,

Lee Trevino, who holed a 30-foot eagle putt on the 13th and once had a share of

Astros 3. Mets 1

loss in their last 16 games.

Cardinals 9, Giants 3

drove in three runs with a pair of

singles and Andy Van Slyke added

two RBI doubles to pace St. Louis a

to 9-3 victory over the Giants. A

home run by Milt May gave the Giants a 3-0 lead in the fourth. But

Ken Oberkfell's two-run homer in

the fifth started the Cardinals'

In San Francisco, Lonnie Smith

In Houston, Dickie Thon drove

a host of challengers and becoming the first
American to win the British Open golf
championship five times.

American to win the British Open golf
old Henning, were next at 279. Ballesteros, the championship five times.

An open really in the title hunt, shot a closing two properties of the control of the

68. Henning, who once retired from competition for seven years, got to within a stroke of the lead before a bogey on No. 18 killed any hopes he may have had. He linished with a 69.

Bill Rogers (winner of this title in 1981), English club pro Denis Durnian, Christy O'Connor of Ireland and the British standard-bearer, Nick Faldo, were next at 280. Rogers shot a final-round 69, Durnian a 67 and O'Connor a 68.

Faldo, seeking to become only the secand Englishman to win the Open since 1948 (Tony Jacklin won in 1969), brought hope to a huge gallery when he one-putted the first five holes to take a share of the

But the 25-year-old Faldo, three times a British PGA champion, slipped badly over the back nine. He three-putted twice, missed a couple of other short par putts and played the incoming side in 40 to finish

had a share of the lead at one point, but also failed to keep it together over the final few holes. He drove out of bounds on the finished at 75/282

Jack Nicklans, holder of a record 17 ble. At one time, three strokes covered 13 major professional championships, was applayers, seven of them leaders from time to planded as he approached the 18th green.

Watson Wins British Open by 1 Over Irwin, Bean

Arnold Palmer, who won the first of his two Open titles here in 1961, finished 75/289. U.S. Open champ Larry Nelson

Watson, who had the U.S. Open title snatched from his grasp at Oakmont, Pennsylvania, a month ago, had not won since taking this title a year ago.

And in winning Sunday, Watson became only the fifth man ever to win the Open five times. Peter Thomson of Australia, who won the first and last of his titles on the same links, was the last. He won three in a row starting in 1954, added another in 1958 and again in 1965.

Britain's great triumverate — Harry Vardon, J.H. Taylor and James Braidd won the Open a total of 16 times in the years between 1894 and 1914. Vardon took it a record six times, Taylor and Braid five under with two-putt birdies on the par-5

Thomson sent Watson a telegram, reading, "DELIGHTED AND THRILLED TO WELCOME YOU TO THE 5-TIME

Watson started the final round with a on the 13th. one-stroke lead, which disappeared when he three-putted from 70 feet on the fourth

From then on, it was a multiple scram-

Compiled by Our Staff From Dispatches

Frenchman Alain Prost, driving a Renault turbo, took the lead on lap

20 and held on to win the British

Grand Prix here Saturday, increas-

ing his lead in the 1983 world

nampionship standings.

Prost became the first French-

m to win the British event since

1927, and Renault became the first

turbo-charged car to win the race.

Driving faultlessly on a son-

renched afternoon, Prost took the

checkered flag just over 19 seconds ahead of 1981 world champion

Brazilian Nelson Piquet's Brab-

France's Patrick Tambay was third in a Ferrari turbo, followed

by Nigel Mansell of Britain in the

first outing for the new Lotus 94T,

also with a Renault turbo engine,

and René Amoux in the other Fer-

rari. Two-time world champion

Niki Landa of Austria was sixth in

With more than 100 extra horse-

Cosworth-powered McLaren

the top ponturbo finisher.

ham-BMW turbo.

SILVERSTONE, England -

ninth and 10th.

ight shots back and posted his brilliant to take a one-stroke lead after three

while there, it looked like seven-under 205. Stadler, the second-round leader, would win it."

Then Irwin and Bean got into the act -Irwin with a birdie on the 13th, Bean with a iron into the bunker before taking another birdie on the 14th. Finally, there was Tre- two strokes to complete the hole in a douvino, with a birdie on No. 15.

Floyd, Faldo and Trevino, however, Stadler's 72 put him in second at 206, a eventually became victims of their own stroke ahead of Floyd (a third-round 69). Floyd, Faldo and Trevino, however, mistakes and drifted back.

But Irwin and Bean, playing in front of Watson, hung in there. Neither was able to birdie the par-5 15th, but both got to eight-

Watson, who had reached the turn tw over for the day, got a shot back with a 12-foot birdie putt on the 11th and regained a share of the lead when he played a great bunker shot to within two feet for birdie-4

At that point, he was tied with Bean and

He stayed there with a critical six-foot second putt on the 14th and went ahead with his birdie on the 16th.

The 17th went to a par five. Needing par on the 473-yard final hole, Watson hit a 2- attempts with his driver.

Compiled by Our Staff From Dispatches where he won in 1971; he settled for a 70 But the warm recognition was for performances past; Nicklaus, never in contension salvaged a 70 on Sunday, turning back a host of challengers and becoming the first

Masters champion Seve Ballesteros of a host of challengers and becoming the first

But the warm recognition was for performances past; Nicklaus, never in contension that put him alone at 278.

Masters champion Seve Ballesteros of a host of challengers and becoming the first Then it was Floyd, who got a share Irwin - the latter doubtless thinking of the before he made consecutive bogeys on the whiffed tap-in in Saturday's round.

inth and 10th. On Saturday, Watson had capitalized on Then there was Marsh, who came from a final-hole double-bogey by Craig Stadler

effort in the early going.

"The wind was kicking up, about the time Marsh finished," Watson said. "For a under-par 70 for a 54-hole total of sunder-par 70 for drove into the rough on No. 18, blasted out with a pitching wedge and then put his 3ble-bogey 6.

Australian David Graham (67) and Faldo

Stadler blew to a final-day 75 for a 281 total, while Graham finished 75/282.

Trevino, who shared second with Watson after the second round, shot a 73 to stand alone at 208 after three rounds. At 209 were Irwin (72), Fuzzy Zoeller (67), Bean (70) and South African Mark McNulty (68).

Watson, who had carded 67 and 68 for his previous two rounds, began Saturday's round with a double-bogey 6 at the first hole when he pulled his driver, the ball landing at the foot of a bush. But he birdied the par-4, 10th and picked up further strokes with birdies at Nos. 15 and 17. Watson hit the fairway just once in five

Braves Hand Expos 6th Defeat in a Row

ATLANIA wire Royster hit a two run double and a grounder and a home run to pace

the Atlanta Braves to a converge were the Montreal Expos here Saturday night.

The Expos have lost six in a row, fallen The Exposure to the streak, they have fallen

SATURDAY BASEBALL

rom first place to fourth in the Vational League's Eastern Divi-

With the score tied, 3-3, Atlanta cored three runs in the sixth. Bob forner led off with a walk and in in less thris Chambliss followed with a ouble that knocked out starter Ik in lay Burris (3-4). Glean Hubbard

1. (2000) Hubbard walk off reliever

1. (2000) Lynn Smith to load the bases and Frank Bring on Dan Schatzeder. One out Name ater Royster delivered a two-run ouble to left-center and Butler fol-

wed with an RBI grounder. Atlanta starter Pete Falcone (8-) pitched a four-hitter through six

Burris chose to work despite the death of his father, Cornelius, earlier Saturday in Tacoma, Washing-

Phillies 9, Reds 3

Philadelphia, Bob Dernier and Pete Rose hit consecutive doubles and Gary Matthews added two ngles to highlight'a six-run fifth loss as the Mets suffered their 13th ming as the Phillies went on to a loss in their last 16 games. 9-3 victory over Cincinnati. Starter Bruce Berenyi (4-10), and reliever Ted Power were the actims of the outburst, which enabled John Denny (8-5) to coast to his sixth com-

Pirates 3. Padres 2

In San Diego, right-hander Don Robinson broke a 2-2 tie with a seventh-iming home run, helping Pittsburgh edge the Padres, 3-2, and extend its winning streak to six games. The Pirates are 8-1 on their current West Coast road trip. Robinson (2-1) was lifted after issning a leadoff walk to Tim Flannery in the

Dodgers 7, Cubs 4

In Los Angeles, Pedro Guerrero drove in five runs with a triple and three singles and Fernando Valenwon for the first time-since June 13 as the Dodgers whipped Chicago, 7-4. Valenzuela (9-5), winless in his last five starts, gave up 12 hits while striking out six and walking four in 81/2 innings.

Yanktes 3, Ra In the American League, in New

York, rookie left-hander Ray Fontenot combined with Rich Gossage on a seven-hitter that lifted the Yankees to a 3-1 victory over Texas. Fontenot (2-0) struck out five and walked one in his longest outing of the season. He was relieved by Gossage after the first two batters reached base in the eighth.

A's 12, Red Sox 5 Hancock doubled during a four- career shutout.

FRIDAY'S RESULTS

Honeycuit, Buicher (4) and Sundberg, John-an (2) : Righeili, Frazier (7), Gossaye (8) and

NATIONAL LEAGUE

Guilickson, Schotzader (d.), James (7), Fry-man (7) and Carter / Niekra, Camp (7), Moore (7) and Benedick W.–Niekra, 5-4, L.–Guilick-son, 7-18, HR.–Montreat, Wallach

Sato and Travine; Hudson, Hernandez (9) and Diaz, W—Sato, 10-8. L—Hudson, 2-3. HRs— Cincinnati, Driesson (7). Philadelphia, Lefeb-

More York 300 900 000—8 5 8 Housdon 540 400 Title—6 12 8 Lynch, Diaz (5), Gorman (8) and Orliz-Hodges (8); Knepper and Blorkmon, Wi-Knepper, 3-9, L—Lynch, 6-4.

Calcouse tel 201—2 M S Los Angeles 180 201 800—4 11 1 Ruthven Smith (4) and dovis: Hooton. Sectivitis (4), Stewart (7), Zochry (9) and Yanger, W—Ruthven, 6-7, L—Hooton, 6-3.

Andular and Brunnter, Porter (8): Hommeter, Borr (8), Minton (7) and May, W-Barr, 1-1. L.—Andular, 4-12. HRs—St. Louis. Smith (1). Green (3). San Francisco. Dovis

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Friday and Saturday Line Scores

The Associated Press

immings while reliever Steve Bedroseventh. Ron Scurry entered and run seventh inning off reliever Bob

ATLANTA — Pinch hitter Jerry sion went the final three to pick up pitched into the ninth, when Kent Stanley, enabling the A's to over
treater hit a two-run double and in the pitched into the ninth, when Kent Tekulve notched his ninth save.

Tekulve notched his ninth save. a six-game losing streak. The A's had lost nine straight to Boston and 20-of-21 games in Fenway Park.

in three runs with a double and an Bine Jays 7, White Sex 5 RBI grounder and Mike Scott In Chicago, Jesse Barfield's sinpitched a six-hitter over 8% ingle with two out in the ninth inning nings, leading the Astros to their fifth straight victory, 3-1 over New York. Mike Torrez (5-11) took the broke a 4-4 tie and Willie Upshaw followed with a two-run home run to pace Toronto past the White 7-5. The Blue Jays have won 8 of their last 9 games.

Angels 8, Orioles 5 In Baltimore, Bobby Clark high-lighted a five-run fifth inning with a three-run homer, helping Califor-nia snap a five-game losing streak with a 8-5 triumph over the Orioles. Geoff Zahn (6-4) survived a shaky start to go 8% imnings for his first

victory since coming off the dis-abled list July 11. Brewers 5, Twins 0 In Milwankee, Jim Gantner, Paul Molitor, Robin Yount and mokie Bill Schroeder hit home runs and Moose Hass buried a threehitter in pacing the Brewers to their fifth straight victory, 5-0 over Min-nesota. Schroeder has bit two

homers since being called up Tues-

day from Vancouver of the Pacific Coast League.

In Cleveland, Ron Hassey, Manny Trillo, Gorman Thomas and Pat Tabler hit home runs and seventh inning on the way to overpowering Kansas City, 17-3. Mariners 1, Tigers 0

In Seattle, Dave Henderson's two-out double in the ninth scored Jim Maler from first base and lifted the Mariners to a 1-0 victory over In Boston, Wayne Gross, Rickey Detroit. Mike Moore (1-3) struck Henderson and pinch hitter Garry out a career-high nine in his second

Heimueller, Atherton (4) and Heath, Kagr-ney (4), Heath (7); Oledo, Stanley (6), Bird (9)

tenct, Gossage (8) and Wynegar, W—Fon Jenct, 2-0, L—Smilltson, 6-8, HR-New York

Alumbhey (6).
Torosto 142 168 863—7 13
Chicago 800 191 631—5 18
Gott, Jockson (á), McLouphile (8), Moří
(9) and Alumher; Burne, Tidrew (4), Ago
(8), Barujas (9) and Hill, W—McLouphile, 3

Milhaustee 110 800 Ebs-5 9 2 Violo, Lysander (8) and Eps-15 Hoos and Schroeder, W—Hoss, 7-2 L—Violo, 4-7, HRs— Milwaukee, Schroeder (2), Gordner (8), Mall-

Milwoukee, Schroeder (2), Gordner (8), Molitor (8), Yount (13).
Delroit 80, Yount (13).
Delroit 800 60 800-6 5 1
Sectite 800 801-1 4 9
Rozenna, Lopez (8) and Parrish, Meora and
Mercado, W-Majora, 1-3, L-Lopez, 5-4,
Keessa City 800 910 300-3 9 2
Claveland 25 917 20-17 20 1
Perry, Hood (3), Blue (5), Crael (7) and
Walton, Slovest (8); Berlor, Meaton (6) and
Hossey, W-Barter, 7-9, L-Perry, 3-11 HRsClaveland, Hossey (2), Trillo (1), Thomas
(12), Tabler (4).
California 100 220 800-8 72 1

Zain, Sanchez (?) und Boone; D.Mortinez, Stewart (5), Mirabella (4) and Demany, W-Zain, 6-4, L.—D.Mortinez, 5-12, HRs—Califor-ala, Downing (8), Clark (4), Battimore, Ayala

und Porter; Breinins, McGatteon (4), Lorkin (7) aind May, Brenty (4), Robb (8), W—Lahil, 2-1, L—Breining, 6-7, MRS—St, Louis, Oberic-feli (1), Son Francisco, May (4), Chicope Les Angeles 429 888 (1):—4 12 2 Les Angeles

Junkins, Proty (2), Brusstor (4), Lefferts B), Composit (8) and Davis: Valenzuela, Nie-lenburr (7) and Yeaper, W—Valenzuela, 9-5.

11.

Aleatresi 038 dis seo—3 4 2
Astanto 218 862 862—6 9 2
Burria Senith (4), Schatzeder (4) and Corter: Folcone, Bedrasion (7) and Benedich,
W—Folcone, B-1. L—Burria, 3-4 HR—Atlanta,

New York Times Service

LOS ANGELES - After Vladimir Salnikov set a world record in the 800-meter freestyle at an international swimming meet here Thursday, he was apthe Indians scored seven runs in the proached shyly by a man who had been standing quietly nearby as Salnikov talked to reporters.
"Excuse me," said Mark Spitz, slowly extending his

By Gary Libman

hand. "I wanted to introduce myself. It's a pleasure to watch you swim. And I'm glad I'm not swimming now. You're too strong."
That commendation from Spitz, who won seven

gold medals at the 1972 Olympics in Munich, showed how the 23-year-old Soviet star has dominated distance freestyle swimming for six years. He holds world records in the 400, 800 and 1,500 meters; he won the gold medal in the 400 and 1,500 at the 1980 Olympics and won last year's world championships. He will thus be a strong favorite in those events at next year's Salnikov, whose father is a sea captain and whose

mother is a furniture designer, did not make much of an impression as a beginning swimmer. He first tried to learn to swim in a river near his grandmother's home in rural Novgorod. He was 6 years old. He recalled that he had not done well and that his playmates, who were better, had ridiculed the visiting city At 8 he tried to learn again in a pool, but stopped

after three attenuous because of earaches. But a short time later, when a coach visited his school and asked if

At 10 he had surgery to correct ear and nose But according to Spitz, Salmikov's long domination problems, and since then began to swim faster, show- of his events, his extensive international and Olympic ng his country friends a thing or two.

Coaches and officials say that Salnikov, who swims unbeatable next year.

.03 per each 100 meters. You can almost predict his the new car over the past five time from his first 100 meters because of his ability to weeks." maintain a pace all the way through. "And then he's a tremendous finisher. He's able to

"Our kids are looking for an easy way out too often

"And then he's a tremendous finisher. He's able to maintain all the way through and he calls on that last sprint."

Salnikov's endurance and strong pace were in evi
2. Netson Plauet. Brezit, Brezhom-Banty turbo. 1: Adam Prost, France, Remark turbo. 1: Adam Prost, Fran

dence Thursday when he set the record. He beat to second- and third-place Americans, Tony Corbisiero and Jeff Kostoff, by 20 meters - almost half the length of the pool. Racing with little competition and with little en-

couragement from the crowd, he lowered his world mark of 7 minutes 52.83 seconds a half-second to

"Sometimes I swim fast and I can't understand why," Salnikov said. "But it's because I had hard training before."

He came to the meet here not to seek records but to

test the new \$4 million Olympic pool. He said he expected his chief competition at the Olympics to come from Kostoff and Sven Lodziewski of East

experience and his confidence will make him almost

Liberty Defeats Defender in 2 Trials

By Joanne A. Fishman New York Times Service

NEWPORT, Rhode Island - In Saturday's opening of the U.S. observation trials to select the Amerisoundly defeated Defender.

Liberty, sailed by by Dennis Conner, won the first race by 1 minute 9 seconds over a 8.5-mile course and the second race by 2:39 over a 14-mile course. Defender, sailed by Tom Black-

aller, was flying a protest flag before the start of the second race as a result of a confrontation in the pre-In the first race, sailed on a trian- high as Liberty," meaning that Lib- will meet Monday.

gular course in a westerly 14-to-18knot breeze, both boats crossed the lead to 1:14 by the first mark and

Prisperyi 818 631 166—2 7 6
San Diege 166—2 7 6
Robinson, Scurry (7), Tekulve (9) and
Pene; Whitson, Lucas (8) and Keenedy. W—
Robinson, 2-1. L—Whitson, 2-5. HR3—Pittsbursh, Thompson (12), Ray (3), Robinson (1),
San Diege, Lescone (7).
Cincined! 688 881 681—3 9 7 1:25 margin. Defender pushed Liberty over miles apart.

Halfway up the first windward boat.

But the crunch for Defender came on the second upwind leg when Liberty sailed faster and pointed higher. After a few tacks ca's Cap defender, Liberty twice the boats were on the lay line to the third mark and Liberty went into was "not much Defender could do high gear, arriving at the third mark to hold us back." with a 2:14 lead; Conner stretched "Psychologicall it to 2:39 at the finish - a distance of 1,000 yards. "Defender is not slow," said

AMERICA'S CUP

erty sails closer to the wind. He attributed Defender's probpositioned

In the break between the trials, are next month. the starting line early in the second Defender was cut in half and a thin race, causing Liberty to circle slice removed to make the boat's magna, secretary of the cup comround and re-start. That gave De- bow and stern measurememnts lit mittee, said the committee was fender a 35-second lead at the start. with its midsection measurement looking to see "better covering of The course was two times around points. As a result, 50 square yards opponents, cleaning up of crew windward-leeward marks set 345 of sail area and 800 pounds of inwork, and some indication that

wind leg, she gained another 9 sec-recently and we just started sailing it again four days ago."
"We were not brilliant," said

Conner. "Just fast. You always look good when you're fast.' Conner, who defender the curs in 1980 with Freedom, also felt there

"Psychologically, this was very important," he said. "They now know they've got real problems. And it's hard to concentrate on Gary Jobson, the tactician for De-day-to-day racing when you've got problems like this."

Sunday, Liberty was paired against Courageous, sailed by John fender. "It just doesn't point as Kolius. Courageous and Defender

The observation trials continue through July 27. Unlike the challine at the same time on port tack lems on the course to a new main-lengers' trials, which are based on a with Liberty to leeward. At the first sail that was used for the first time rigid elimination series, the U.S. 810 618 108-3 14 2 crossing, Liberty led by four Saturday and apparently was not a trials are run for the America's Cup lengths. Conner then stretched his proper fit with the jib. He also said Committee of the New York Yacht the ballast that was added to the Club. The committee selects the rounded the second mark with a boat last week was not properly boat it judges to be the best after three sets of trials. The final trials

> In the observation trials, Vic Roternal ballast were added to the boat speed has changed because of any changes in boats."

leg. Liberty caught and passed Defender. At the first mark, Liberty bad," said Jobson. "It's so many led by 27 seconds. On the down-things have happened to that boat is that the first mark, Liberty 7-5, things have happened to that boat courageous 6-5 and Defender 5-8.

Prost Takes Grand Prix Event relegated to third place on the grid

> The last Frenchman to win a Grand Prix on British soil was Robert Benoit, who won on the old Brooklands circuit in 1927, 23 years before the world Formula

engines, although only 1.5 liters,

the turbo cars have greater straight-

line speed and can afford to run

bigger rear wings to improve cor-

Tambay. 13th, he was never better than 11th, though there was early disappoint where he finished in his Williams-Cosworth. He retains 25 points in and Lotus teams. fourth place in the champ race, it was his third victory of the

1983 season, following successes in France and Belgium

by the Ferraris Friday, took second place from Arnoux on the 13th Lp and on the 20th lap captured the lead, which he never lost except for Although both Ferraris finished among the points, the team's bid to

win its first British Grand Pris for 25 years was thwarted by what ap-One championship began.

The top three drivers also ocupy the first three positions in the 1983 well suited to the tornid conditions well suited to the tornid conditions. world standings. Prost with 39 and pace as the radials on the Repoints to 33 for Piquet and 31 for nault. There were few major incidents

Reigning work champion Keke and 17 of the 26 starters completed Rosberg Finland, starting from the 67-lap (196.44-mile) race, alment for the Brabham. Renault

American Eddie Cheever's tur-For Prost, who averaged 139.218 bo-charged Renault dropped out miles per hour (224.21kph) for the on the fourth lap, Richardo Patrese retired his Brabham with a broken turbo on the ninth lap and the new turbo-charged Lotus of Italian Elio Prost, who had set the fastest de Angelis, which looked so impressive in qualifying, encruntered

trouble on the first lap. Salnikov: Champion in Control Prost, the first man to do an official 150 mph qualifying lap here, set an official lap record on the 32d circuit, clocking 1:14.212 an average of about 65 miles a week, has built his for an average speed of 142.23

> now," said Trevor Tiffany, the head Canadian coach. the grid to linish fourth in his new "This guy doesn't."
> "He is typified by his ability to control the race at a

> Renault-powered turbo Lotus. very fast level," said Ray Essick, the executive director said. "But it was an even greater of U.S. Swimming, the governing body of amateur achievement for the Lotus team swimming in America.
>
> "Sometimes at 1,500 meters he'll only deviate .02 or who have worked so hard building and, in particular, by mechanics

esti. Britain, Latus-Re to MT. 1:25.18.732

Transition RASEBALL

American League
CLEVELANO—Placed Tom Bretnian
plicher, on the irrevocable valver list, Optioned Jerry Reed, plicher, to Charletten pi the international League.
MILWAUKEE—Signed Blill Castro.

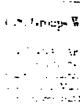
ond becomen, on the 15-day disabled list, P.J. chased contract of Larry Milbourne, infiniter, from the Phillodelphia Phillies and sent 2002/

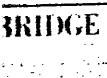
fielder, from lowe of the American Associa-tion, Placed Gary Woods, cutfielder, on the 15opy eisteria ligh. PHILADELPHIA—Purchased Sleve Jellz, infletder, from Partiand of the Pacific Coast

BASKETBALL National Busintheri Association ATLANTA—Signed Randy Writing sward/forward, and Glenn Rivers, Sward FOOTBALL

FOOTBALL
Motional Feetball Legan
N.Y.—Staned Bobby Humphrey, wide receiver. Staned Lean Imperse, quarterback, to
free-openic contract.
MIAMI—Staned Steve Mormon; challed States
Follow of Markets backets

serbacks.
SAN FRANCISCO—Acquired Jeff Allen. choice. Signed Tem Hotmoe, defensive back.
COLLEGE
OREGON—Normed John Remarkett agel-































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-Chilippe

TIT

In 52 years of being in boning. I've never witnessed anything compared to this performance," said Eddie Futch, Spinks's manager.

action against Muhaumad. "We have suspended him indefinitely," she said. "And we will send formal notification to all of the commissions Monday and to him that he has been suspended indefinitely from getting a license or boxing in Washington, D.C., and if honored by the other commissions, and it will be, in the

> room and ate. He maintained that he was 175 pounds and that the scales had been tampered with.
>
> Even his trainer, Wali Muhammad, said Mphammad "blew a

> eligible for a title shot.
>
> In the end, Spinks lost a \$1 million payday, Muhammad lost a \$250,000 check and fight promoter Butch Lewis said he mas out an estimated \$200,000.



()_() Roll of means third baseman Buddy Bell was missing in action attenday night after chasing a new to have the second from Of lifth and the property of the stands — and beyond. Ranger to the railing of the stands — and beyond. Ranger phorestop Wayne Tolleson, right, was reluctant to go that far.

meignty Decision Leave. Muhammad in Suspension A Weighty Decision Leaves

The Associated Press

WASHINGTON — It was supposed to be the District of WASHINGTON — It was supposed to be the District of Columbia's first title fight in 42 years. Instead it was a fiasco.

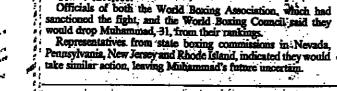
Eddie Mustafa Muhammad never fought Michael Spinks for the light heavyweight title and on Saturday he was suspended by the District of Columbia Boxing and Wrestling Commission.

Four hours before fight time, Spinks called off the match after it was downgraded to a 10-rounder — with sharply reduced purses — because Muhammad was overweight. The undefeated champion said he didn't want to meet Muhammad in a nontitle bout because it would "be stooping to his level." Cora Wilds, chairwoman of the commission, announced the

> At Friday morning's weigh-in Muhammad tipped the scales at 177½, which was 2½ pounds over the weight-class limit. He was given two hours to lose the excess, but instead headed for a dining

> golden opportunity" by not even trying to lose the weight to be

take similar action, leaving Muhammad's future uncertain. **.**



LANGUAGE The Filched Papers

By William Safire

WASHINGTON — The word in Laurence Barrett's book, "Gambling With History." that started all the commotion was in this line: "Apparently a Reagan mole in the Carter camp had filched

Filch is a bit of 16th century slang, origin unknown, that began as a word for stealing small things like poultry. Shakespeare put the word in lago's mouth to give a contrast of siyness to the forthright steal: "Who steals my purse, steals trash. . . . But he that filches from me my good name . . . " The connotation of pettiness was changed to curning: filch meant to Shakespeare, and means to us, "slyly stealing."

A spokesman for David Stockman, the director of the Office of Management and Budget who was the source of Barrett's explosive anecdote, then quoted the debatebriefer as having admitted to knowledge that the material from the Carter camp had been "pil-

Piller accentuates the pettiness of a theft, although it is rooted in of a theft, although it is rooted in the French pelfre, "booty," and made its name in a line of poetry by Sir Walter Scott: "Despite those titles, power, and pelf." Stores con-sider pilferage infuriating but rou-

Some journalists used the verb purloin, derived from the French pur (for) and loin (distant), to set far aside, or to remove to another place far away. It is a bookish verb. recalling Edgar Allan Poe's story of The Purloined Letter," which was hidden by being placed in plain

Stent is the verb that most clearly implies "serious crime." People who steal go to jail, at least sometimes, and when that verb is sounded all other synonyms pale. Stealing is to filching what a crime is to a

As of this writing, nobody has used rip-off, pinch, cop, snatch, swipe or the British snaffle. Another favorite synonym is "borrowed", always in quotes to give an arch, we-know-it-isn't-so connotation and the favorite from World War II is liberated, with its good-guy-tak-ing-the-wine-the-Nazis-left-behind connotation. I would give more but my Thesaurus was snatched.
"HEE was carefull and liberall to

con in his 1622 history of King Henry VII. "Hee had such Moles perpetually working and casting to undermine him."

That was the first figurative use of mole in connection with espionage, too remote a link to constimte a coinage. In 1650, Henry Vaughan used a mole to signify a man at work inside a hierarchy "Perjuries were gnats and flies/It rain'd about him bloud and tears" - but it was not until the spy novels of John LeCarre that the word attained popularity as "an agent placed inside a rival organi-

Two years ago, I gave credit to David Cornwell—that's LeCarre's real name—for this coinage. Since then, I have heard from a clandestine member of the Lexicographic Irregulars, Edward Jay Epstein, the ling writer in the gray world of spies and moles.

"In 1932 the Soviets recruited a Captain Fedossenko as a double agent and gave him the alias 'The Mole,' " Epstein informs us. "You can find this episode on pages 123-124 of the book 'The Conspirators' by Geoffrey Bailey, written in 1960, which long antedates Tinker,

Although CIA professionals long preferred "penetration agent," the agency has succumbed to common literary usage and now routinely refers to mole as a synonym for agent in place. Representative Donald J. Albosta, Democrat of Michigan, a Frouse ethicist, used the term matter-of-factly in announcing his intention to follow the molebill (and incidentally, to climb the mountain of publicity): We don't know who the mole is, and the president did not tell us who the mole was. We have to try to find that out."

If and when he does, reporters will be burrowing under mounds of citations to iliad such entries as that of the 19th century German philo-sopher Hegel: "And as the mole continues to dig we must listen to his labor in order to discover the

The wrigglings masions charges and initiated at 51 Washington litvestigations chan up words and phrases that earith and enliven our vocabulary, and if they do not illuminate the political system, at least they light up the language.

New Tork Times Service

The Great American Milkman

By Bryan Miller New York Times Service

NORWALK, Connecticut
"My dream ever since I was a little boy was to be a milkman," Stew Leonard recalls, leaning back in a chair in his office here. "My family was in the dairy business - that's what I knew best and it's all I wanted." To say that Leonard has realized his dream is somewhat like saying the astronaut Neil Armstrong made good on a boyhood fantasy of flying an airplane.

Leonard sells 10 million quarts of milk a year, not to mention a million pints of cream, a million cartons of yogurt, 10 tons of cottage cheese, a million dozen eggs and equally staggering quantities of 600 other products. He has not driven a delivery truck since the late 1960s, when the state of Connecticut furrowed a highway though his dairy farm. But Leonard says he remains essentially a milkman - perhaps the most successful one in the United States.

Stew Leonard's, which bills itself as "The World's Largest Dairy Store," is one of the most remarkable success stories in American food retailing. More than 100,000 customers enter his sprawling, aseptically clean milk plant-grocery store anually. Leonard's role model is Walt Disney, whom he calls "the greatest marketing genius ever," and the influence is evident throughout the store.

His show-business approach includes a stadium-size electronic billboard on Route 1, which flashes daily specials; dozens of cuddly farm animals that wander in a minizoo in the parking lot; a plastic farmer and his cow that sing duets near the produce bin; a wishing well; balloons for children; a "sheriff" who heads the security force, and colorful plastic shop-ping bags. "Where kids go, cus-tomers follow," says Leonard, who is a walking font of aphor-isms about business and suc-

Throughout the store are posters showing a beaming Leonard amouncing specials or

REAL ESTATE

TO RENT/SHARE

GREECE



Stew Leonard and his son in their Connecticut store.

cavorting with his friends Frank Perdue of chicken fame and Paul Newman (the actor's commercial salad dressing went through one of its first taste tests in Leonard's office).

Stew Leonard's main appeal, however, is his milk, which, the ads proclaim, is so fresh "you'd have to own a cow to get it

Leonard's milk is so fresh because his 100,000-square-foot grocery is built around a milk processing plant. Raw milk is trucked in daily to be pasteurized, homogenized and pack-aged within view of customers, who then plack cartons from a conveyor as they roll from the packaging machine. The other day he was selling a half-gallon of whole milk for 95 cents; most competing stores were selling the same amount for \$1.10 or more, although one nearby super tarket matched his price.

Leonard, an affable 53-yearold Norwalk native with an explosive laugh that is easily ignited, declines to reveal his profits. However, testimonials to the

immensity of his business are offered by his suppliers.
"Stew Leonard stands alone

among our 105 direct receivers," Frank Perdue bas written. "His sales - about 20 tons of poultry products weekly - would be more than respec-table for a 15-store chain, and they are incredible for a single

E.W. Olson, sales manager for a Wisconsin butter producer, has said that Stew Leonard's sells more butter (nearly 7,000 pounds a week) than any other client "throughout the Western Hemisphere." And the list goes on.

Leonard says he can offer bargain prices on many items because he refuses to deal with middlemen. Every item in the store comes directly from the When the state condemned

his farm for the highway in "shattered" "Milk was all I knew," he says. "So I went around my milk route and asked customers what they thought." They told him to

EMPLOYMENT

GENERAL POSITIONS

open a retail dairy store and offer the lowest prices possible. The original Stew Leonard's. opened in 1969, sold only eight items, mostly milk and eggs. His original building has been expanded 22 times, the lastest time to accommodate a \$500,000 bakery that turns out crossants and muffins. Today a third, roughly 200, of Stew Leonard's products are sold under his own

When asked if he plans to open another store, Leonard replies, "I've always believed in putting all my eggs in one bas-ket — then watching the bas-

Stew Leonard's has one wide aisle that makes through the store, and on busy days, which is virtually every day except. Christmas, the one day the store closes, the rush of shopping carts resembles a roller derby. Leonard's customers, who come regularly from as far as 30 miles away, are what the gro-cery trade terms "bulk buyers" folks who stack their carts as if they had inside information on an impending natural cala-

mity. On a recent weekday morning Jo-Ann Walsh of Norwalk piled seven half-gallon containers of milk into her cart. "I have three children," she ex-plained. "We go through it quickly. But this milk is so fresh I can freeze it, and it reconsti-tutes very well."

The Stew Leonard shopping bag has become a status symbol of sorts, not only in Connecticut but far beyond. It all started one day when a customer sent Leonard a photo of herself at the Kremin holding the bright

sack with the store's logo.
"I put it on the bulletin board," Leonard says, handing a visitor a seven-inch-thick stack of photocopies. "Next thing you knew, I was getting all of these." The photocopies show grinning Stew Leonard costomers holding their bags on the Great Wall of China, atop

and even on the floor of the Pacific Ocean, Leonard now offers a \$3 gift certificate for such photos, which he posts in the store.

EMPLOYMENT

HONOLULU POSTCARD The Mountain of Trash

By Stewart Taggart

HONOLULU — Calm. The image is of verdant valleys rimmed by golden, sun-filled coast-lines and the bright lights of War-

But another vision is approaching, and it is composed of mountains of decaying newspapers, junked cars and beer cans. Here in the Western Pacific, the leftovers of the party are approaching the edges of the good life. "Our problem is land," said

Frank Doyle, refuse director for the city and county of Honolulu, which encompasses the entire island.

Because most of Oahu's potable water is located in the island's higher elevations, disposal sites such as landfills can only be located in lower areas near the ocean where they can't contammate water supplies.
"If we don't reduce the volume

of garbage we are putting out, we may be faced with dumps placed right next to residential areas," said Michael Chun, Honolulu public works director. "And if you have to put a landfill right next to a residential area, you're looking for trouble.

Oahu's population has grown quickly over the last two decades, from 632,772 in 1960 to 964,691 in 1980. And that has created more garbage, enough to cover one foot-ball field 12 feet deep each day, said Doyle.

During the fiscal year 1982-83, that meant 700,000 tons of garbage, he said, up from 550,000 tons of material in 1975-76.

About 70 percent of the waste on the island, where more than two-thirds of the state's residents live, is from households. Doyle says commercial and retail operations put out about 25 percent. The remainder comes from industrial SOUTCES.

Hazardous waste, generated lar-gely by the Pearl Harbor Naval Shipyard, is transported by ship to the U.S. mainland for disposal. autien has no sites for disposite hazardous materials.

The island correctly has three county-run landfills, which are to be closed in 1984. The city and county of Honolulu are negotiating for four more pites.

AUTOS TAX FREE

"When they fill up, we'll have to search for four more sites, then four more, then four more," Chan said.

Ref

of Ma

Chun said a proposed trash-to-energy plant is being discussed. If it is built, he said it could reduce the volume of waste on the island by 99 percent while generating electricity, be said.

The project is still in the plan ning process and faces months maybe years - of hearings and approvals, Chan said

Oahu's 592 square-mile land area is slightly more than half the size of Rhode Island, while its population density of 1,379 people per square mile is close to one and a half times that of New Jersey. Another big headache for the ishand is junked cars.

"It's almost an insoluble prob-lem," said Peter Leong, Henolula finance director. About 470,009 cars are registered on Oahn, slight. ly more than one car for every two people, Leong said. Close to 20,000 cars are discarded each year on the

"The market was taking care of the problem for a long time," said Loong. "But that's not so any

A steel company on Oaku was buying the cars and melting these for scrap. That was when Oaks had a building boom, which has slowed -and the demand has decreased.

One proposal has been to tow the cars to sea and dump them to create artificial reefs. That is an expensive solution at \$20,008 a bargeload, said Leong.

Women's Organization Honors 2 U.S. Pioneers The Associated Press

SENECA FALLS, New York --The National Women's Hall of Fame has inducted Belva B. Luckwood, the first woman to practice law before the Supreme Court, and Lucretia Mott, a 19th-century Quaker abolitionist. The indutions, held Saturday, brought to 33 the number of women in the half.

helped organize the Philadelphia Anti-Slavery Society. Mrs. Lockwood was one of the first women to run for president, campaigning in 1884 under the banner of the National Equal Rights Party.

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